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30 July 1984

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GULF COOPERATION COUNCIL POLICY ON GULF WAR REVIEWED

Paris AL-MUSTAQBAL in Arabic No 382, 16 Jun 84 pp 29, 30

/Article by Sulayman Nimir: "The Gulf Cooperation Council Draws up Two Approaches--the Approach of Pacification and the Approach of Confrontation"/

/Text/ The foreign ministers of the Gulf Cooperation Council have studied the explosive situation in the area, politically and militarily, and, by what they have declared they have done to stop the war, they have asserted that their countries are prepared to defend their sovereignty and that the era of spreading fear and threats has gone.

At 0200 hours in the early morning last Wednesday, after the Gulf Cooperation Council foreign ministers had completed the first session of their meetings, which they had started in al-Ta'if last Tuesday evening, AL-MUSTAQBAL asked Prince Sa'ud al-Faysal about the degree to which the Gulf countries could be confident about their defense arrangements in confronting Iranian aggression. The Saudi foreign minister replied by stating, "We are confident of our defense arrangements because defense of our land and our sovereignty is a sacred matter. However, we are not confident of the situation in the Gulf region in general, because of the acts Iran is carrying out which threaten the security of the region."

The question AL-MUSTAQBAL asked of the Saudi foreign minister came after four Gulf military experts, among them Maj Gen Yusuf Madani, chairman of the Military Committee of the Gulf Cooperation Council, had taken part in the second part of the first closed session, which lasted 5 hours. These military experts presented descriptions on maps through slides and movies of military and defense arrangements in the Arab Gulf countries, and the ministers saw a film of the operation of the downing of the Iranian airplane carried out last week by Saudi airplanes.

Prince Sa'ud al-Faysal, talking to AL-MUSTAQBAL after the conclusion of the first session, did not deny that the foreign ministers of the Gulf countries had discussed the political aspects of developments of conditions in the region, and it is certain that the military situation lies within the context of the political conditions we discussed."

What details, however, did the ministers study on the military situation in the sessions which were held in the conference hall in al-Ta'if Tuesday evening and Wednesday afternoon?

Until Wednesday noon, nothing was known about the details. However, there is no doubt that the six foreign ministers learned about the details of their countries' defense arrangements and plans to guarantee that their military powers are strengthened to confront the military adventures Iran might embark on against the countries of the region. This discussion set forth from the premise which holds that "no losing party can be made safe and that one cannot know what acts or adventures it might venture on in which it will try to make up for its losses."

There is no doubt that when they met the foreign ministers of the Gulf countries realized that Iran, by its actions in the Gulf, had declared war against the countries in the region, in an attempt to drag the Arab Gulf countries into its war against Iraq; everything that has happened in the past days confirms this. The Iranian airplanes tried, and are trying, to "fish" for Gulf oil tankers in international waters, and last Sunday they succeeded in hitting the Kuwaiti oil tanker Kazimah while it was in international waters. This operation will make the Arab Gulf countries review their accounts and their defense plans once again; thanks to their joint military coordination, they managed to set out military plans that guaranteed that their territorial waters were protected in a manner which made them feel confidence over their national sovereignty. However, the problem which emerged after the Kuwaiti tanker was hit was how to protect freedom of navigation in international waters and freedom of shipping to and from the Gulf ports, especially since Iran had resorted to a new technique, which was to block the course of freighters headed for the Gulf ports and to attempt to inspect them. AL-MUSTAQBAL has learned from an official Gulf source that Iranian boats blocked a German freighter last week and demanded that the captain of the freighter go to the Iranian port of Bandar Abbas for inspection. However, the captain refused and the Iranian ships contented themselves with confiscating the official papers bearing on the goods shipped on the freighter, after having examined them closely and finding that it was not in their power to inspect the 640 cargo containers the German vessel was carrying. This was not the first incident of its kind; rather, it was preceded by an inspection operation on a Singapore freighter, last week also.

These events which the Arab Gulf has witnessed underline that there is an undeclared war in the region which the Gulf countries are trying not to get dragged into, as Iran wants. It is possible that it will continue in its present form. This is the paramount concern which has been put in the agenda of the meetings of the 11th session of the conference of Cooperation Council foreign ministers. Even if they are confident about their defense arrangements and feel that they are able to repel Iranian aggression, the Gulf countries cannot remain the prisoner of this tense situation in the region, which affects the course of the normal and economic lives of Gulf citizens.

Although the Arab Gulf countries' oil exports have not affected economic conditions in the oil markets, in spite of the revenues from them, which have dropped greatly, the anxiety which people who come to the area feel has to a large degree affected economic activities and market activity in the Gulf. This is something which a person visiting Kuwait these days can sense clearly. This problem will be one of the first to affect life in the Gulf area if conditions in the region continue as they are.

The Gulf countries might be able to consolidate their military capabilities in a manner which will enable them not to be afraid of Iranian aggression against their tankers and ships. Through their political communications, which succeeded when the Security Council issued its Resolution 552 and various international bodies reached a unanimous position in support of the Gulf countries' position, they may also be able to make the world bear the responsibility for protecting freedom of shipping in the international waters of the Arab Gulf. They may also, by adopting specific measures, guarantee the continued export of their oil to the countries in the world. However, the problem is that the Gulf countries cannot live under the state of grievous anxiety which they are going through these days.

In al-Ta'if, the details of these subjects were the object of discussion and conversations in the Gulf meetings of petroleum and foreign ministers both. The petroleum ministers of Arab Gulf countries who met last Sunday evening refused to give any discounts on the prices of their countries' oil, unlike Iran, which is giving a discount totaling \$3 a barrel. These ministers faced the problem of the rise in the cost of the oil their countries export to the world because of the great increases in insurance rates on tankers by giving "insurance in kind" in oil to importers of Gulf oil; this is given to importers following losses of their oil imports as the result of any aggression to which their tankers are exposed in the area. By this decision, in which the petroleum ministers of the Gulf countries showed their concern to adhere to OPEC prices, the Gulf countries are allowing oil importers not to keep up with the high insurance rates. The petroleum ministers of the Cooperation Council countries, in their meeting in al-Ta'if, agreed to "special possibilities which will guarantee that the export of their oil continues in the event the situation in the Gulf region becomes exacerbated." Among these possibilities is the laying of an oil pipeline across Oman which would terminate at the Arab Sea, to guarantee the continued flow of oil in the event Iran carried out measures which could close the Strait of Hormoz. Another possibility could be the modification of the tanker route in a manner which would make these tankers proceed within the territorial waters of the Gulf countries, to guarantee that they are protected. This possibility, specifically, was among the recommendations discussed by the foreign ministers of the Gulf Cooperation Council countries, who met just 48 hours after the petroleum ministers' meeting.

Although on the day the ministers of the Cooperation Council started their meetings in al-Ta'if there was an Iranian-Iraqi commitment to the recommendation of the United Nations secretary general to stop the mutual shelling of towns, which indicated to some people that it was possible that a change could occur in the Iranian positions, and although Shaykh Muhammad ibn Mubarak, the foreign minister of Bahrain, stated to AL-MUSTAQBAL that the

Gulf countries hoped that this commitment to stop shelling towns would be the beginning of a change in the Iranian position, it was noted in the halls of the al-Ta'if conference that the ministers do not attach great hopes to this Iranian-Iraqi agreement, because reports that have been received point out that Iran is still preparing for its big anticipated attack on Iraq at any moment. Therefore, the foreign ministers, in their discussion of the developments of the war, have acted on the assumption that Iran is still determined to escalate the war and that for that reason it is necessary to work to discuss means which will compel Iran to keep from doing so.

As an official source at the conference mentioned to AL-MUSTAQBAL, military cooperation with any country to carry out any military operations against Iran was not among these means, as the Tehran government had claimed.

Mr 'Abdallah Bisharah, the secretary general of the Cooperation Council, stated that as they were trying to strengthen their defense capabilities in a manner which would make the people of the Gulf secure against any foreign aggression, the Gulf countries would stay in contact with the secretary general of the United Nations and the other capitals of the major countries in order to apply Security Council Resolution 552. When AL-MUSTAQBAL asked him if the Gulf countries had felt that actual international moves were being made to stop the war, Mr Bisharah contented himself by saying "We must try to make everyone bear his responsibilities."

Will the major countries bear their responsibilities?

A Gulf official at the conference told AL-MUSTAQBAL, during the foreign minister meetings, "A strong military position makes strong political decisions. If the Gulf countries can set out approaches and plans which can make them militarily strong, there will undoubtedly be strong political decisions which will make everyone act to intervene to stop the war in reality and make Tehran realize that the time for spreading fears and threatening the Arab Gulf countries has gone and that it would be better for Iran to end this war, because it is in our interests all, as Gulf and Islamic countries, to coexist peacefully in this sensitive region of the world."

This new Gulf talk is not ordinary; perhaps the first thing it means is that the Gulf countries are prepared for confrontation with Iran although they would prefer, and are striving, not to intervene as a party in the Iraqi-Iranian war. Perhaps that may be attributed to the Gulf countries' confidence in their defense and military arrangements. What cannot be doubted is that that is the real reason why the Saudi foreign minister, when we asked him about the results of the foreign ministers' meeting, summarized the response in one word, saying:

"Excellent."

SOVIET ATTITUDE TOWARD GULF WAR EXPLORED

Paris AL-MUSTAQBAL in Arabic No 382, 16 Jun 84 pp 31, 32

/Article by Riyadh Najib al-Rayyis: "Why is the Soviet Union Afraid of the Gulf War?"/

/Text/ Why are the Arabs of the Gulf afraid of the Soviet Union?

That is one of dozens of questions that are being raised nowadays the length and breadth of the Arab Gulf, in the context of the military escalation the countries of the Arabian Peninsula have been experiencing since the Iraqi-Iranian war has reached their waters, their air space and their territory, and almost their towns and capitals. From the war in the marshes to the war of the tankers, fire has been scorching all sides of the Gulf and burning all the questions which have been reiterated for a long time and for which an answer has long been awaited.

However, the question about the Soviet Union and its role, its aspirations, its relations and its policy in the Arab Gulf remains a pressing one; for more than 15 years, that is, since the Gulf entities have been present on the map of international politics, it has continued to seek some sort of explanation and clarification. The issue of "the critical period" (see AL-MUSTAQBAL, 2 June 1984) has, in the words of "Gulf spokesmen," raised the issue of Gulf-Soviet relations, specifying its general context, admitting that there have been contacts with Moscow and acknowledging that the Soviet Union has interests in the Arab Gulf region. However, the Gulf spokesmen have declined to get into details on the context in which the Soviet Union will move in coping with the events that are taking place now in the Gulf area and defining its policy toward the Iraq-Iranian war and its constantly changing position with regard to it.

In the body of these questions, the news of the past week brought word of a resumption of dialogue between Moscow and Tehran, when Andrei Gromyko, the Soviet foreign minister, received Seyyed Mohammad Sadr, chief of the Europe and America Department in the Iranian Ministry of Foreign Affairs, at his office in Moscow. That was the highest meeting between an Iranian official and a Soviet official since Ayatollah Khomeyni condemned the Soviet Union as another "satan" of the magnitude of the United States and the

Iranian regime severely punished the Communist Tudeh Party and its leaders about 2 years ago. It is true that the Iranian emissary's task was to demand that the Soviet Union stop or reduce Soviet military aid to Iraq, complaining that it was helping to escalate the severity of the tension in the Gulf. It is also true that Gromyko expressed the Soviet Union's desire to put a rapid end to the war in the Gulf to the Iranian emissary. However, he did not give the Iranian emissary any affirmations or guarantees that the Soviet Union would reduce or stop the Soviet aid to Iraq.

However, the fact that Gromyko, in person, met with Sayyed Mohammad Sadr, who is a third or fourth level official in the hierarchy of the Iranian Ministry of Foreign Affairs, reflects the degree of Soviet anxiety over the course of affairs inside Iran as much as it reflects Soviet fear that the war between Iraq and Iran will be transformed to a Gulf war, and therefore the danger that it will expand into an Arab war or an international one. That is the essential point.

While the question raised at the beginning was, Why do the Arabs of the Gulf fear the Soviet Union, the question which must be raised now is, Why does the Soviet Union fear the war in the Gulf?

The reason for the Soviet fear that the Gulf war will continue can be attributed to:

In the first place, the Kremlin's conviction that the war has now reached a dangerous crossroads and that if it continues it will increase the dangers of Western military intervention in the event the fighting shifts from a war of tankers to a war of wells, from a war of marshes to a war of refineries, and from a war of borders to a war of towns--that is, that the escalation of this war might stop the flow of oil to the West and pave the way for the closure of the Strait of Hormoz. However limited Western intervention in the Gulf countries might be, it would occur in a sensitive area close to the southern borders of the Soviet Union, which would entail the risk that a direct military confrontation with the United States would arise.

In the second place, the continuation of the war will help strengthen Western influence in the Gulf area, through the West's exploitation of the security fears the Gulf countries have, under the guise of defending Western interests there and linking the interests of the West to the interests of the countries themselves, while stressing that any threat to these interests would be a threat to the Gulf regimes themselves.

In the third place, the continuation of the war will increase Soviet fears of probable repercussions on regional conditions in the arc extending from Pakistan and Afghanistan to Turkey, including the Arabian Peninsula, and Soviet border conditions themselves, threatening to change "the fait accompli." The Soviet Union is afraid that the war will lead to political fragmentation of the area and the breakup of some existing entities, and that that will of necessity lead to chronic, serious instability close to its

southern borders. That brings us back to the first possibility, that is, that it will result in an increase in the possibilities for foreign, especially Western, military intervention.

In the fourth place, the Soviets consider that the continuation of the Gulf war to the point where both parties will collapse, even if one of them emerges semi-victorious, is not in the interests of the Soviet Union, because that might result in the possibility of a disruption in existing regional conditions and consequently the spread of instability there. The Soviet Union, in the event of a victory by Iran, is afraid, for instance, that the Islamic currents hostile to Communism and the Soviets will be strengthened, and, in the event of a victory by Iraq, for instance, that Iraq will become alienated from Moscow soon after its presence is established and will rally toward the West, as happened with al-Sadat's Egypt after the October 1973 war.

In the fifth place, the Soviet Union is afraid that the continuation of the Iraqi-Iranian war will lead to negative results as regards Soviet policy in the Middle East. The longer the war lasts, the easier it will be for the United States to pass through policies and set out solutions to the Arab-Israeli struggle which are not in keeping with Moscow's conceptions or goals in the region; consequently, the Arab countries' preoccupation with the Gulf war might help America's freedom of maneuver to realize gains for Israel. In addition, the extension of the war will add to the complexity of Arab disputes and will increase the difficulty of achieving the unity of Arab ranks which the Soviet Union considers a necessity for the adoption of an effective stand against Israel.

Through these five stages, the Soviets fluctuate among a number of positions:

The first position: The Soviet Union is compelled to take precautionary measures, out of the fear that a clash will occur with the United States in the Gulf, at a time when the military situation in Afghanistan is preoccupying the Soviet leaders and exhausting its military and war resources on the Soviet Asian flank.

The second position: The Soviet Union cannot accept the vital interests of the Western countries in the Gulf as justification for its deployment in the Gulf and preparation for intervening and imposing its will on the countries of the area.

The third position: The Soviet experience in Afghanistan has proved that the process of assimilating the area will not be easy, in the event the existing regimes and entities collapse, especially since the alternate regimes and entities which might emerge as a result of Soviet balkanization in the region will not of necessity, or probably, be friendly ones, allies or even entities that intend to ally with the Soviet Union. In addition, reaching the warm waters in the Gulf is no longer a basis of Soviet strategy or an end in itself.

The fourth position: The Soviet formula, ambitious in theory is for the war to stop as soon as possible, to result in a lack of victory for either of the two sides, and to end without a military decision in the favor of either Iraq or Iran.

The fifth position: The Soviet Union, in spite of its belated support for Iraq, is still afraid that its support for either of the two sides will result in provoking the enmity of the other side, and that will prompt it to draw close to the West. In spite of the Iranian position of hostility to the Soviet Union and the smashing of the Tudeh Party domestically, Gromyko's reception of Sadr was a continuation of Soviet policy, which is aimed at preserving a minimum of open lines with Iran, stressing, according to the contents of a statement issued by the Soviet Ministry of Foreign Affairs last May, that the Soviet Union "has not threatened Iran in the past and will not threaten it in the future."

These five positions do not leave the Soviet Union any choice between Iraq and Iran. Developments of the past months have proved that there are reasons behind Soviet material and military support for Iraq over which Iraq does not have any say.

First, the Soviet attempts to infiltrate into Iran since the beginning of the Iranian revolution under the slogan of "the common enemy of world imperialism" have failed in the face of the religious convulsiveness of the ayatollahs and Khomeyni personally against Moscow and the atheistic, materialist policy which it represents, which is in violation of the teachings of Islam. This makes it difficult for Moscow to establish firm, stable, effective relations with Tehran.

Second, Iran has provoked the Soviet Union with its open material and military support for the Mojahedin in Afghanistan and its incitement of the Islamic religious currents within the Soviet Asian republics themselves.

Third, Iran has kept the war against Iraq going against the Soviet desire to stop it, especially after Iraq withdrew from all Iranian territories it had occupied and declared its readiness to stop the fighting at once and start negotiating to end the war, without restriction.

Fourth, the Soviet Union has found that by abstaining from extending the hand of economic and military aid to Iraq it was in effect creating a force /sic/ between it and Iran which it would not be easy to fill at a later time, leaving scope for Western countries in Iraq, indeed prompting Iraq to cooperate more and more with the West.

Fifth, the Soviet Union was afraid that in the event it did not assist Iraq it would lose an Arab foothold in the Gulf, causing the Soviet Union to lose its creditability as an ally among Arab countries which depend on it in times of misfortune, especially after the wave of arrests to which the Soviet Union was subject through its actual absence from the scene during the Israeli invasion of Lebanon in 1982. To that one might add that in the absence of diplomatic relations between Moscow and any Gulf capital except Kuwait, abandoning Iraq would mean actually leaving the Arab Gulf.

In the context of all these rapid changes in the Arab Gulf today, the Soviet Union is faced with an extremely complicated, extremely delicate situation as far as the Iraqi-Iranian war goes, increasing the difficulty of the dilemma in which Moscow finds itself.

The difficult choice does not lie with the Gulf countries alone, or even with the Western countries and the United States, so much as with the Soviet Union in its totality. With the collapse of the commitment to a neutral policy between the two conflicting parties, the Soviet Union will succumb to a monstrous fate, and the monstrous fate these days is the same as it was in the days of the Czars.

Will the Gulf war bring history back in time?

Perhaps, if the war is still in its early stage. However, some people say that it has come to an end. We will see.

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GULF STATES SEEK NEW INCOME SOURCES

Paris AL-MUSTAQBAL in Arabic No 383, 23 Jun 84 pp 61, 62

/Article: "In the Framework of the Drop in Arab Revenues: Self-Reliance and Economic Integration!"/

/Text/ The Arab countries' interests are intertwined to a degree that dictates the establishment of integration, especially in the areas of food, agriculture and processing industries. Do the Arabs realize this, now that revenues are dropping?

It appears that it is better to have a drop in oil revenues than revenues which produce financial surpluses from which only international banks benefit. Bitter as the drop in revenues is, the appeal in Arab countries for self-reliance and economic integration is being intensified day by day, especially in the exploitation of every square inch of agricultural land and the processing of every raw material available in Arab territories. Although this appeal is very belated, it does represent the start of a new view of development activity in the Arab countries. The Kingdom of Saudi Arabia is encouraging the private sector to assume the execution of programmed agricultural and industrial projects and is relying on a series of petrochemical products. Indeed, it has recently gone about selling shares in the Saudi Basic Industries Company (SABIC), which has been assigned the construction and management of major industries in the country, foremost among them petrochemicals, iron and steel.

On more than one occasion Shaykh Muhammad Aba al-Khayl, the Saudi minister of finance and economy, has called on Saudi and Gulf banks to finance public and private productive projects in a satisfactory manner, telling a group of Arab bankers, in effect, "You have taken a lot and the time has come for you to give."

Iraq, which has been exhausted by the war, recently decided to establish advanced capitalistic farms in which Arab and Iraqi businessmen would take part. This approach has been rendered inevitable by Iraq's war conditions and the government's inability to carry out development programs at a time when war efforts are using up a large amount of Iraq's foreign currency receipts--at a time when oil revenues are declining because of weak

world demand for oil and because of the siege imposed by Iran and Syria on Iraqi outlets and pipelines. Thus the government has contracted with Iraqi and Arab investors to carry out about 300 agricultural projects, especially in the area of meat production and the farming of fertile land. What Iraq is doing Egypt did 10 years ago when it opened its doors to foreign investment, which has so far resulted in partial success in moving the wheel of development forward. President Husni Mubarak is known to sanctify the principle of self-reliance.

The Gulf countries, which are affected by the drop in oil revenues, have decided to give local contracting companies a greater share at the expense of foreign ones; indeed, there is a tendency to subsidize the construction materials industry in the Gulf countries, on grounds that it will provide these countries with intrinsic strength which will help in the execution of development projects, and "because the countries exporting construction materials do not honor the agreements they have signed and the foreign companies try to defraud the Gulf countries," as the chairman of the Kuwaiti Federation of Trade, Industry and Construction, Shaykh Muhammad Khalifah al-Sabah, says.

The reports point out that the secretariat general of the Gulf cooperation Council is carrying out studies related to the execution of the decrees of Gulf country ministers of industry calling for the protection of Gulf industrial products. Measures of that sort could not have been taken in the past, first of all because of the influence of powerful merchants and second of all because of the Gulf countries' need to import various materials in tremendous volumes which existing factories were not able to supply.

The report by the council's secretariat general points out that surplus cement production in the emirates will be around 5 million tons next year, for which no markets exist except the Gulf countries combined. Saudi Arabia, for instance, will be in need of 8 million tons of cement this year and about 3.1 million tons in 1985, and will realize a surplus only in 1988. This surplus will be around a million tons. It is being pointed out that Saudi Arabia annually requires 16 million tons of cement, of which it now produces only 8 million. In addition, Kuwait will need to import half a million tons next year, and the deficit will come to about a million tons in 1990. The deficit in Qatar will come to about a quarter of a million tons, that in Bahrain to 300,000 tons, and that in Oman to 800,000 tons.

The tendency at present is to export surplus cement in the state of the emirates, which comes to 5 million tons a year, to the neighboring countries of the Gulf, even if the emirates' cement is higher priced than imported cement. In order to overcome this gap, it has been decided to protect Gulf cement from foreign competition, on condition that the government of the emirates agree to permit the establishment of new cement plants. The fact is that no Gulf countries are any longer giving permits for the establishment of new plants for cement and so forth before evaluating their feasibility in the context of the Gulf as a whole.

Cement protection will be a model for the collective Gulfwide protection of other strategic products, although such an action will be extremely difficult in the context of the competition from the countries of the Far East, which sell goods and commodities priced about 50 percent below corresponding commodities produced locally.

However, protection measures will not be enough by themselves. Dr Majid Mas'ud, expert with the Arab Planning Institute (Kuwait), calls for Arab economic integration as a road to sound development in every Arab country. To attain this objective, he stipulates that there be a suitable amount of harmonization of interests among Arab countries, and, within these countries, among the various groups of the population.

Joint Arab organizations support this theory, starting with the Economic Social Council of the Arab League, the Council on Economic Unity and the Arab Fund for Economic Development and ending with the Federation of Arab Chambers. As evidence that integration is now a pressing matter, Mr Ma'mun Hasan, chairman of the board of directors of the Arab Investment Guarantee Organization, has referred to an important problem, which is the emergence of industrial and agricultural surpluses in a number of Arab countries for which there are no markets, except in the Arab world, which needs to import everything from needles to missiles.

The Federation of Arab Chambers and its secretary general, Mr Burhan Dajani, have gone farther than that, combining words with action. They strove successfully, last year, to establish the Arab Agricultural Investment Company after the Arab General Investment Company had been established at the end of the seventies. The goal in the two companies is to establish joint Arab projects in the Arab world, with special emphasis on projects which will realize self-sufficiency in food.

In Mr Dajani's view, Arab development on a country-wide basis has proved a partial success, since it occurred not in the context of comprehensive Arab development but rather in isolation from an actual situation which one must acknowledge, which is that the Arab countries' interests are interconnected to a degree which dictates integration, especially in the field of food and agriculture and processing industries which use the raw materials abundantly available in Arab lands.

The interconnection of these interests is now clearly evident to the eye. Egypt, which is suffering from a population explosion, needs to "export" no less than 5 million workers the next 10 years, while Iraq, whose fertile agricultural land suffers from the neglect arising from the process of migration from rural areas to towns, needs hundreds of thousands of farm workers. Iraq has unique experience in this area; it has settled Egyptian youths in Mesopotamia, a successful experiment, since the number of Egyptians in Iraq has risen from a few thousand in 1977 to more than 1.5 million in 1982.

Lebanon embarked on an important experiment last year when the Arab borders were shut off to it as a result of word of the infiltration of Israeli goods across it. That led to a great crisis in the agricultural and industrial

sectors and experience proved that it is not possible to do without the markets of the Arab countries. In fact, one cannot diversify the markets for Lebanese exports, because these exports are detailed, in accordance with Arab requirements. After these borders opened, economic circles could sense the massive difference between living in the Arab family and living outside it.

The crisis of the cement surplus in the emirates, the stagnation of Lebanese exports, the population explosion in Egypt and Iraq's capacity to absorb it prove, for the first time in the Arabs' history, the extent to which their interests are interwoven.

Perhaps the statement of the Cooperation Council's secretary general, Dr 'Abdallah al-Quwayz, is still fresh in people's minds: "In the past we would go from one Arab land to another without hearing the word 'borders,' and it is unfortunate that the Arab countries' independence from colonialism has been accompanied by the establishment of borders for each country, and a group of small economies has emerged with the seeds of crisis within them."

11887

CSO: 4404/525

MINISTER REPORTS IMPROVED PUBLIC FINANCES IN 1983

Casablanca LE MATIN DU SAHARA in French 25 Jun 84 pp 1-2

[Interview with Minister of Finance Abdellatif Jouahri; date and place not given]

[Text] "The recovery efforts undertaken in 1983 made a substantial improvement in our balances possible, on the level both of public finance and current accounts."

This statement was made by Minister of Finance Abdellatif Jouahri during an interview he granted to LA VIE ECONOMIQUE.

This interview, in which Minister Jouahri assessed the main economic and financial results achieved last year, is full of statistical details on the development of the main national economic totals.

The following is the full text of the interview granted by Mr. Jouahri.

To a question pertaining to the development of the economic and financial situation in the course of last year, Mr Jouahri noted that during 1983, a program of recovery was pursued with a view to making our economy healthier, reducing the budget deficit and reestablishing the foreign account balance.

The recovery efforts undertaken in 1983 made a substantial improvement in our imbalances possible, both on the level of public finance and in connection with current accounts, despite unfavorable situations both domestically and internationally.

Where public finance is concerned, as I explained in my address to the meeting of the Financial Market and Credit Committee, the overall treasury deficit was reduced from 11.1 billion dirhams to 8 billion, representing a reduction of 28 percent from the 1982 figure. It was possible to achieve this result despite the limited increase in ordinary income, which was only 3 percent in 1983 as compared to 14.8 percent in 1982 and 17.4 percent in 1981.

The reduction in the overall treasury deficit can also be assessed in terms of the percentage of the gross domestic product the deficit represents. In 1983 it came to only 8.4 percent of the gross domestic product, as compared to 12.5 percent in 1982 and 14.5 percent in 1981.

With regard to foreign trade, 1983 was characterized by an important reduction in the trade deficit and an improvement in the current account balance.

For example, imports, which generally showed a substantial increase from one year to the next, declined 1.7 percent in 1983, as compared to a 15.7 percent increase in 1982. Moreover, exports increased by 18 percent, which served to improve the rate of coverage of imports by exports, which moved above the 50 percent level, with a figure of 57.6 percent as compared to 47.9 percent in 1982.

Parallel to this, the trade deficit, which was not even 10,800,000,000 dirhams in 1983, as compared to 13,500,000,000 in 1982, was reduced by 2,700,000, representing a decline of 20 percent.

It goes without saying that the improvement in the trade deficit made a perceptible contribution to the substantial reduction in the current account deficit in the payments balance. Taking the rescheduling of our foreign debt into account, this deficit did not exceed 6,070,000,000 dirhams in 1983, as compared to 11,437,400,000 in 1982, representing a reduction of 47 percent.

The satisfactory result seen again in the current account deficit is also due to the favorable development of tourist income and monies transferred home by our compatriots who have emigrated. Income from tourist sources increased from 2,138,000,000 dirhams in 1982 to 2,870,000,000 in 1983, or 34 percent. Moreover, funds transferred to our country by our emigrant workers saw an increase of 27 percent, from 5,114,000,000 dirhams in 1982 to 6,515,000,000 in 1983.

Because of this improvement, the current account deficit represented only 6.37 percent of the gross domestic product in 1983, as compared to 12.9 percent in 1982. Thus as you can see from these statistical results, 1983 was characterized by a definite improvement in public finances and the current account in the balance of payments, clearly confirming the need to pursue the recovery efforts in order to obtain even better results in 1984.

In connection with the role played by the private sector, the finance minister noted that despite the reduction in direct state intervention which made necessary the recovery measures pursued beginning last year, public investments remain relatively high.

However, whatever the level of public investment, the private sector has a rather large role to play in the economic and social development effort.

By way of encouragement along this path, the state has established a whole arsenal of incentive measures for private investment in the productive and export sectors, among which I might mention in particular:

--The investment incentive codes, which have been revised or are being revised, and which continue the tax and financial advantages, as great if not more than those provided by the 1973 codes, although in the difficult situation in which we find ourselves, purely financial logic would have dictated a more restrictive revision of these advantages.

--Establishment of a vast development program for the equipped industrial zones, to encourage the establishment and decentralization of industrial enterprises throughout the kingdom. The land developed in this way will be made available at very reasonable prices.

--Avoidance of any limitation on the financing of productive investments, both by the banks and by specialized credit bodies, to wit the BNDE [National Economic Development Bank], the CNCA [National Agricultural Credit Bank] and the CIH.

--Greater flexibility in the import regime to benefit productive activities and enterprises both in terms of the general import program and the deposits required prior to effecting imports. These latter have been gradually reduced and will be entirely eliminated as of next July. Where export enterprises are concerned, and in addition to the incentive scheme established for their benefit in the course of these last few years, it should also be noted that just recently, the economic systems in connection with customs have been revised to make them more flexible and to extend them.

Thanks to the incentives provided by the state, the private sector is showing ever greater evidence of dynamism. For example and by way of illustration, the volume of industrial investments approved reached about 2.3 billion dirhams in 1983, showing an increase of 5 percent over the preceding year. Similarly, investment credit paid out to private promoters by the BNDE and the CIH increased by about 13 percent and 40 percent, respectively, in the course of last year.

In connection with incentive measures to be provided for certain priority sectors, Mr Jouahri recalled that all of the priority sectors have the encouragement of the fiscal and financial measures contained in the investment codes in effect, which are, as is known, very advantageous.

When it comes to whether the fiscal incentive measures adopted in 1983 to promote stock market activity might not be made more widespread to benefit different sectors, I think that this tool of encouragement should vary as a function of the nature of each sector, its problems and the goals sought.

Moreover, the measures adopted, to which you have alluded, resulted from a diagnosis of the stock market which for several years now has experienced a worrisome slump. In fact, we have noted that the decline in activity on the securities market has resulted in a double insufficiency--in both the demand and the supply of the certificates quoted. Demand has shrunk because of the competition of other investments which have become more attractive, while the supply of certificates has declined because of the level of stock quotations and the scarcity of new stock offers.

This is why we have worked to provide great stimulation for demand and at the same time to develop the supply of stock offers, by exempting a part of the income allocated for the purchase of the stocks offered and the dividends produced by these stocks from the supplementary tax, and by reducing the stamp tax by half on documents increasing the capital of companies whose

stocks are quoted, or who have asked that they be quoted on the stock exchange.

The effects of these measures, although they are just recent, were not long in coming, as the results for the 1983 fiscal year already show. In fact, stock transactions increased for the first time in 8 years, totaling 118 million dirhams as compared to 58 million in 1982, representing a remarkable advance of more than 100 percent. The effect of this development inevitably improved the global volume of stock market transactions by 70 percent.

Encouraged by these results, we provided in the 1984 Finance Law, which has just been promulgated, for fiscal incentives in order to encourage private individuals to underwrite the bonds to be issued now and henceforth by the treasury as well as other bodies with a state guarantee. For example, the interest resulting from such bonds will be exempt from the supplementary tax on individual income.

These steps come within the framework of the actions of the public authorities designed to develop and mobilize private savings for the financing of the economic and social development of the country.

It should be stressed that where the tax on companies and the value added tax are concerned, their application poses no special problems. For the general tax on income, a better adapted structure needs to be established in order to allow the tax administration to collect it under more favorable conditions.

It is true that computer models and studies have been pursued for a long time with a view to correcting the progressive aspect of taxation in a direction more favorable to small taxpayers, but this is not an easy task because of the tax population structure.

Overall, tax reform is not oriented toward a heavier fiscal burden.

Speaking of the tax burden in Morocco, Minister Jouahri explained that in the past 10 years, the rate has not exceeded 23 percent, taking deductions for the National Social Security Fund into account.

An analysis of the tax pressure justifies the following remarks.

First of all, it is evident that it is close to that of a number of countries in the process of development such as Tunisia, Ivory Coast, Senegal, etc.

On the other hand, any comparison with the industrialized countries should be undertaken very cautiously because, on the one hand, of the difference in the components, economic and social conditions and income levels, and on the other, the social transfers which disguise the real impact of tax collection.

Secondly, tax pressure is an overall concept which does not include the transfers by the public authorities which are in reality negative taxes, and compensate for the taxes imposed in part. In Morocco, this is the case, for example, with the effect of the Compensation Fund, which each year pays out 2 billion dirhams to support consumer prices for certain products.

Where tax pressure on wage earners is concerned, it should be emphasized that this cannot be measured solely on the basis of the maximum rate in the schedule applicable to a minority enjoying high income. It is true that the rate for the upper segment of the PTS is 60 percent, as compared to 48 percent for the IBP.

But the segment which is exempt is larger for wage earners: 6,000 dirhams as compared to 3,000 for the IBP, and in addition, the deductions for family allocations are not limited, as is the case with the IBP. The result is that for an average income which would be about 18,000 dirhams, the tax burden for a wage earner is clearly below that for a businessman, and does not exceed 7 percent. If the taxpayer is married and has three dependent children, the direct tax burden falls to 4 percent approximately for a wage earner, as compared to 6 percent for a small businessman.

It should be noted that social measures have recently been approved to the benefit of wage earners, in particular the deduction of sums paid for principal and interest on the repayment of loans for the building of economic housing.

Where tax reform is concerned, an outline law was approved by the Chamber of Representatives in December of 1982.

Since that date, the tax departments have been engaged in preparing draft texts pertaining to the various taxes covered by the reform, including in particular the general tax on income for individuals, the tax on companies and the value added tax.

These draft texts are now ready.

5157
CSO: 4519/202

GERMAN LOANS AID SEVERAL PROJECTS

Amman THE JERUSALEM STAR in English 31 May-6 Jun 84 pp 7, 8

[Article by Pam Dougherty]

[Text]

AMMAN — Economic pressures within Germany are reflected in the biennial loan agreement signed between West Germany and Jordan in Bonn last week. The 1984/85 loan figure of DM 70 million maintains the 1982/83 level but an element of mixed financing has been introduced for the first time. The way is now open for projects to be financed by a combination of government and commercial loans.

The commercial loans will be arranged through the Kreditanstalt für Wiederaufbau (Credit Institute for Re-construction) and will be tied to German suppliers.

Counsellor at the German Embassy Mr Rudiger Lemp told The Star that Germany has always been opposed to tied loans but that the mixed financing arrangement reflected the employment situation in Germany and the efforts of other OECD countries to further their exports through state supported export guarantees. He emphasized that the government loans will continue to be untied.

Mr Lemp said that the mixed financing will result in only a slight increase in interest rates which will remain well below commercial rates.

The first project for which mixed financing will be arranged

is the DM 90 million North Jordan water supply project which will mainly serve the villages around Irbid. Total German support for the project will be DM 60 million — DM 48 million from the government loan and DM 12 million through commercial credits.

Other allocations from the DM 70 million will go to the Agricultural Credit Corp. (DM 10 million) and DM 10 million to the King Hussein Medical Centre for the purchase of diagnostic radiological equipment. Mr Lemp said that the German government agreed to the Jordanian request for aid for these purchases on the condition that the general population will have access to the new facilities.

DM 2 million will also be provided for technical aid for the Zarka River Basin project.

An agreement was also signed in Bonn for German technical aid to Jordan for the next 12 months. Mr Lemp said that amount agreed was DM 13 million and most of it will finance the extension of on-going projects.

One new, and potentially important project is to finance the first phase of a three part study of the potential of the Lajjun oil shale deposits in Southern Jordan. Phase one will cost DM 1.5 million and will last for one

year. Consideration will then be given to phases two and three which will cost a further DM 11.5 million. If the study is continued finance will come from the German governments funds for basic research.

Another new project is the development of a laboratory to produce veterinary vaccines and serums. Germany will contribute DM 4.2 million to the project which should be completed in two years.

DM 6.8 million will be provided for expert services for phase two of the Zarka River Basin project. The original aim of the project was to control the Zarka river watershed area to prevent erosion. It is now being extended to project for the overall improvement of rain-fed agriculture in the area.

Other grants will go to the Jordan Valley Authority (JVA) for workshop expansion; to the University of Jordan Physics Department; to the Jordan Co-operative Organization for the seed production project at Madaba and for a new agricultural machinery station at Irbid.

Mr Lemp said that overall there had been genuine "meeting of minds" between the German and Jordanian sides in formulating the criteria for loan and aid allocation.

INDUSTRY MINISTER VISITS SAUDI ARABIA, FRG, ETHIOPIA

Amman JORDAN TIMES in English 9 Jun 84 p 3

[Text]

AMMAN (Petra) — Jordan and the Jeddah-based Islamic Development Bank (IDB) have agreed to prepare a draft agreement to facilitate co-operation among Jordan, the IDB and the less-developed Islamic countries, according to Minister of Industry, Trade and Tourism Jawad Al Anani.

Dr. Anani, who returned home Friday after a 12-day working tour of Saudi Arabia, West Germany and Ethiopia, said in a statement to the Jordan News Agency, Petra, that he had met the IDB president, Dr. Ahmad Mohammad Ali, and discussed with him the possibility of establishing a tripartite system of co-operation.

Dr. Anani said that under this agreement Jordan will provide the less-developed Islamic countries with the expertise capable of preparing and supervising projects and their execution and operation, while the IDB will evaluate technical studies for these projects as well as financing part of them. This, he added, will fall within the framework of the technical co-operation programme between Islamic countries which is being adopted by the IDB.

West Germany

Talking about his visit to West Germany, Dr. Anani said that he took part in a seminar organised by the Arab-German Friendship Society, which was patronised by His Royal Highness Crown Prince Hassan.

It was devoted to discussing the future scope of Jordanian-West German economic and trade relations, he said.

Dr. Anani also delivered a lecture to the seminar on the investment opportunities available in Jordan for German businessmen stressing that Jordan welcomes German investors, and explaining regulations and laws passed by the Jordanian government to encourage foreign investors.

He also called, in his lecture, for the increased export of Jordanian phosphates, fruits and vegetables to West Germany as the balance

of trade between the two countries is heavily in favour of Germany.

He also added that he met minister of state for foreign affairs, minister of state for trade affairs there as well as senior West German officials and reviewed with them the potential for economic co-operation between the two countries and ways of promoting them.

He added that the West German minister of state for foreign affairs will visit Jordan later on in the year.

Ethiopia

Referring to his visit to Ethiopia, the minister said that intensive talks were held with Ethiopian officials to promote co-operation between the two countries.

He added that the visit culminated in the signing of a trade agreement to exchange goods worth \$70 million.

Under this agreement, Jordan will export 100,000 tonnes of fertilisers, clothing and other manufactured goods to Ethiopia, and will import sugar, vegetable oils, hides, grains, coffee and oilseeds in return.

CSO: 4400/285

UNEMPLOYED AMONG ENGINEERS ANALYZED

Amman THE JERUSALEM STAR in English 31 May-6 Jun 84 p 5

[Article by Amal Ghandour]

[Text]

AMMAN — Warning: If you or any of your friends are thinking of studying engineering, stop now or suffer later. A recent barrage of shocking official statistics and forewarnings from worried observers, remonstrate that the unemployment line holds the only vacancy for many of the new proud engineers.

According to the Higher Education Council's study for 1982-1983, 18,085 Jordanians are currently studying in 43 countries including Jordan. While Jordan was blessed with 9,667 engineers for 1982, the number is expected to rise to 28,173 by the end of 1990.

If the local and outside markets, contrary to the experts' predictions, maintain their absorptive capacity of 856 engineers-measured between 1974-1982 — while an estimated 2,738 engineers flood annually the market between now and 1990, 1,888 engineers will still remain out of work.

Development drive

Jordan's ambitious drive towards development in the 60s and 70s, and the absence of native engineering skills in the Gulf encouraged the inflow of Jordanian engineers, especially civil engineers. Mr Abd Al Rahman Al Bitar, head of the Civil Engineering Branch of the Engineers Association, explains that "due to the concentration on the building of the infrastructure of Jordan, many students were especially motivated to study civil engineering."

The number of Civil Engineers, which constitutes almost 50 per cent of all engineers, has increased at an average growth rate of 14.7 per cent between 1958-1983. By the end of 1990, the 5,785 registered civil engineers for 1984 will have more than doubled to 13,093.

The Gulf, Mr Bitar points out, had an egregious need for engineers, specifically civil engineers, during the 70s. 'Engineers Working In Jordan', a 1983 study by a research group headed by the Minister of Labour, Mr Tayseer Abdul Jabbar, shows that out of a total 2,841 engineers, 744 (450 of them civil engineers) were working outside Jordan including the West Bank in 1974. According to the Federation's latest statistics, 5,442 engineers (2,541 civil engineers) out of 9,667 were working outside Jordan in 1982.

Economic slowdown

However, by the beginning of 1983 the picture began to change. The economic boom of the 70s was slowly fading and an economic slowdown began to hover over the Gulf and Jordan. Moreover, Mr Bitar notes that many young Gulf engineers, who were lacking conspicuously before, were starting to join their countries' work force, learn from the more experienced Jordanian engineers, to ultimately replace them.

"While not many Jordanian engineers might have returned yet from the Gulf, practically none has been recruited there

since 1982. Returning Jordanian engineers, Mr Bitar says, will either set up their own businesses, or take the jobs otherwise reserved for the fresh engineering graduates.

Unemployment among engineers in Jordan began to take shape in 1983, with an estimated 1,252 engineers out of work. (This figure is not accurate because it does not include the number of engineers who joined the military draft and those who did not register with the Federation). Experts predict that 1984 will be much worse, because of the expected 80 per cent diminution in the absorptive capacity of both local and outside markets.

Lack of coherent infrastructure

Jordan itself, for lack of a coherent infrastructure and maintenance development programme, is unable to absorb some of the unemployed engineers, remarks Mr Bitar. Says he: "I am sure that many sectors in Jordan need infrastructural development. But the problem is not how much the development process needs in terms of numbers in engineers, but how many the current development plan can absorb."

Mr Bitar argues that the imbalance in Jordan's development schemes is preventing many civil and other engineers from finding work. "When you build up the infrastructure," he says, "then another phase, maintenance operations, set in." Funds for this phase have been low, complains Mr Bitar, due to neglect and shortsightedness in both the private and public sectors.

He adds that if "maintenance operation of roads, buildings, telephone lines and others, are improved then many civil, mechanical and electrical engineers will be employed, and costs spared."

Many contracting offices, Mr Bitar points out, do not actually employ engineers to supervise the construction of buildings. This, other than exacerbating the unemployment problem he

said, leaves the building "with bad quality, short life expectancy, safety hazards and unnecessary maintenance costs."

Foreign companies, which were initially welcomed as temporary substitutes for Jordanian engineers working outside, have also begun recently to aggravate the country's unemployment problem.

Foreign engineering companies

Korean and Chinese contracting companies, which offer the most competitive prices in the market, are continuously undercutting Jordanian contracting firms. Mr Bitar explains that those companies are supported by their governments, with minimum labour costs compared to Jordanian firms. "If the prime perimeter for awarding contracts is cost, then the South Asian companies will be able to compete and win," he declared. Nearly 55 per cent of the investments made in construction, Mr Bitar estimates, are given to non-Jordanian companies.

The 153 registered foreign engineers in Jordan, who are indirectly preventing their Jordanian counterparts from working, Mr Bitar challenges, are a distortion of the real number of foreign engineers. He explained that, many foreign contracting companies often assign different job descriptions to many of their foreign engineers to avoid registrations with the Engineers' Association and hence sidestep the 1972 regulation requiring foreign companies to employ a minimum of 50 per cent Jordanian engineers of all foreign engineers in their construction projects.

The Engineers Association, which has already moved to correct this anomaly is persuaded to follow the example of other Arab countries in halting future violations of the law, says Mr Bitar.

For example, in tender documents for big projects in Saudi Arabia, the consultant specifies the minimum requirement of qualified staff assigned by the contractor on the job. This procedure, Mr Bitar argues, "offers little chance for a local or foreign company to escape from adhering to the regulations."

Solutions

A clear statement in contracts specifying the conditions and describing the organizational needs for the project will also assist in imposing the required level of engineers, suggests Mr Bitar. Identifying the nature of projects "which non-Jordanian contractors should not be invited to, and awarding contracts to local firms offering a 15 per cent higher price than foreign companies" will all secure more jobs for our local engineers who need and deserve such opportunities in their country, he adds.

However, Mr. Bitar cautions that such reforms will still fall short of absorbing all the unemployed engineers. He said, taking into consideration the expected growth rate he can see real problems in taking in the expected number of unemployed engineers.

Yet, he believes that the overflow of engineers does not truly emanate only from present economic difficulties in the Gulf and deficiencies in Jordan's development programmes and contract regulations. The educational policy which still gears students towards the old needs of a fast changing country, and the lack of proper home or school career counselling to offer them alternatives to engineering, are some of the root causes for this wave of unemployment.

Resentment, predicts Mr Bitar, will overtake many of the unemployed engineers, reminding that unemployment is more than an economic inconvenience. He concludes: "If we do not move now to alleviate, at least, some of the pressure on the market, it will grow beyond anyone's control."

EMPLOYMENT IMBALANCE PROBLEM

Foreign Labor Control Measures Taken

Amman THE JERUSALEM STAR in English 7-13 Jun 84 p 1

[Article by Kathy Kakish]

[Text]

AMMAN — The Labour Ministry has issued new measures to tackle the problem of employment imbalance in the country. In order to define the exact number of non-Jordanians holding jobs in Jordan, and to obtain further information about their professions, nationalities, work and home addresses as well as the names of employers, the ministry has made obtaining work permits a must — with heavy fines for those who do not abide with the law.

Dr Mansour Utoum, director of the Labour Ministry's Employment Office, told The Star that such measures aim at — among other things — lifting the country out of what he described as "the period of labour market imbalance". There are several sectors which are in need for non-Jordanian workers due to the lack of Jordanian ones, while some sectors have both Jordanian and non-Jordanians workers surpluses. It is the latter which the ministry is keen on dealing with to provide working priority for Jordanians.

The new amendment requires all non-Jordanian workers to either obtain work permits or renew expired ones after a two-month grace period starting from Saturday 2 June, the issue date of the new law amendment.

The necessary papers required for applying for a work permit or renewing an expired one are the work contract, passport, residency permit, a personal photo and for non-Arab workers coming into the country, an advanced approval from the

Labour and Interior Ministries. The fees set for obtaining work permits are JD 10 for Arabs and JD 30 for foreigners.

The minimum of JD 30 will be charged as fines for each month delay in applying for a work permit after the two-month grace period for all workers except those in the agricultural sector, who have a three-month grace period, due to Jordan's need for non-Jordanian workers for this field.

But not all those who seek a work permit or a renewal of an expired one will find them. Dr Utoum said that before anything is carried out, the ministry will check its lists to see whether there are any Jordanians who need the jobs held by their non-Jordanian counterparts.

These lists come from the ministry's employment offices located throughout Jordan, where job seekers register their names and occupations.

Dr Utoum explained that if Jordanians are found to need such jobs, the ministry will immediately refuse to issue a work permit and contact the employer to inform him that his non-Jordanian employee can be replaced. It is then up to the employer to interview the suggested job seeker and judge if he or she is a suitable replacement. Yet, employers must not overlook the law that non-Jordanian employees are hired only under the condition that their experience or qualifications are either unavailable or seldom found among Jordanians.

The Labour Ministry aims to be as fair as possible. "Problems do arise, for there are several Jordanian workers who register for jobs they hardly have any skills for. We will not help them to trick employers in such matters," Dr Utoum said. Another problem the employment offices face is that although there are several job opportunities open for Jordanians in cities and towns other than in Amman and Zerka, many applicants turn these opportunities down.

The Labour Ministry plans to take a further step to help out by offering — in co-operation with the Labourers Technical Training Association — training courses for unskilled Jordanian youth who are newcomers into the labour market. "Most of them are either highschool dropouts or have had no specific training during their compulsory two-year army service," Dr Utoum said.

Questioned on the estimated number out of the 120,000 non-Jordanian workers (62,000 of which carry no work permits), who are to be refused working permits either this year or the following

years, Dr Utoum said that it is yet too early to tell. "The answer will be more clear in three months time, after we receive a clear picture of the labour market situation, the exact percentage of Jordanian unemployment as well as the surplus we have among the Jordanian and non-Jordanian workers.

Apparently, these measures come about as preparations and unemployment prevention measures for the estimated 10,000 to 15,000 Jordanian expatriates who are expected to return to Jordan this summer in search for jobs.

This huge number is the result of the economic recession felt worldwide, especially at the Gulf states, which have led to a drop in the Jordanian labour demand. Besides this, Jordan is facing an increasing growth in its local labour force, which is increasing by 4 per cent annually with 25,000 new workers entering the job market every year. "We feel we have to do something to give first priority to Jordanians," Dr Utoum said.

He said that although the return of such a huge number of Jordanian expatriates will create a problem, it will not be a serious one. "Many of them will return with money saved up and will not accept the idea of working for salaries less than what they've been making abroad, especially in the Gulf states. They will prefer to open their own business," he said. He said that there are several sectors in the country, among which is industry, which have gaps expatriates can fill.

As for the non-Jordanian spouses and children of Jordanian citizens, they have nothing to worry about, for they will receive their work permits as usual.

Few Non-Jordanians Rejected

Amman THE JERUSALEM STAR in English 21-27 Jun 84 p 1

[Article by Kathy Kadish]

[Text]

AMMAN — Approximately six per cent of the over 4,000 non-Jordanian workers who have applied to the Ministry of Labour for work permits did not get them.

The Director of the Amman Employment Office Mr Jaber Karam told The Star Tuesday that the people were refused the permits, because they were found to be doing jobs which Jordanians need. He said most of them were employed in offices, construction sites and as salespeople.

Mr Karam said an applicant for a permit has to produce his or her work contract, passport, residence permit, a personal photograph and an occupation license in the case of those working in the industrial fields. He explained that for non-Arab workers coming to Jordan, there must be a prior approval by the Labour and Interior ministries.

Mr Karam said upon submitting all the necessary documents to the employment office, a check is made to find out whether the applicant does not hold a job needed by a Jordanian. If the job falls within the category of jobs which Jordanians need, the application is rejected outright, otherwise, the permit is issued without delay.

Mr Karam disclosed that 4,195 unemployed Jordanians registered with the employment office in the first four months of this year. He said 3,000 were nominated for employers and 1225 of this number have since found jobs.

The Labour amendment law which came into effect on 2 June requires all foreign workers to obtain work permits before they work in Jordan.

CSO: 4400/286

DROUGHT AFFECTS GRAIN, LIVESTOCK PRODUCTION

Amman THE JERUSALEM STAR in English 21-27 Jun 84 p 7

[Article by Pam Dougherty]

[Text]

AMMAN — Agricultural authorities in Jordan are describing the 1983-84 winter drought as the country's worst since 1947 with an exceptionally low grain harvest and a drastic shortage of animal fodder. The severe conditions have been caused not so much by low rainfall — this year's is not the lowest since 1947 — but by the fact that the rains were particularly late in coming.

The wheat harvest now underway is expected to produce no more than 10,000 tonnes compared with the average of the last 10 years of 62,000 tonnes. This represents an average loss to farmers of JD 5 million. (Only an average figure can be given as the harvest can vary widely from this year's 10,000 tonnes to the record 133,000 tonnes of 1980).

Effective drought management has been hampered by the extreme risk aversion approach of farmers in the rain-fed areas. Traditionally the farmers do not plant their crop until after the first winter rains as they are afraid to lose their seed in case the rain fails to come.

By last December when it became clear that the winter rains were late, the Ministry of Agriculture began advising farmers to plant as soon as possible so that when the rain did come they would be prepared, but they received a poor response to their call.

Those who did plant have ac-

tually had very poor returns but at least they will make a small profit on their investment even if they only sell their crop for fodder.

Mr Mousa Arafah, deputy director general of the Jordan Co-operative Organization (JCO), estimates that the government will have to purchase a minimum of 100,000 tonnes of wheat from abroad in the coming year.

Seed stock

Mr Arafah told The Star that the JCO itself is concentrating on ensuring an adequate seed stock for the coming year. It now has contracts with 65 farmers for their harvest which will be used to provide clean, certified seed.

The second sector badly hit by the drought is livestock with virtually no feed available from local sources. This year's barley harvest is expected to yield no more than 1 to 3.5 thousand tonnes and the long dry season has left Jordan virtually no pastures.

Earlier this year the government took measures to reduce the demand for fodder. It stopped the importation of live animals for slaughtering and has been bringing in only chilled meat. Livestock owners were given permission to export animals without the usual restrictions on certain ages and types of animals.

But since the beginning of May

the government's emphasis has been on helping owners to maintain their number of animals at a reasonable level by providing them with barley and wheat bran at subsidised prices. 70,000 tonnes of barley was imported so far and a further 15,000 tonnes per month will be required until at least the end of this year. The barley is sold at JD 55 per tonne and JOC Director Hassan Nabulsi estimates that the barley subsidy will cost JD 3 million this year.

The wheat bran is sold to the livestock owners at JD 35 per tonne and because it is cheaper than barley it is heavy demand. It usually comes mainly from local mills which provide 230 to 250 tonnes per day out of a daily need of 500 tonnes. Supplies are also being bought from Iraq and Lebanon but they are expensive and difficult to obtain. Because of the shortfall a black market in bran has developed.

Over the past week the Ministry of Agriculture has been conducting a nationwide animal count. All livestock owners will be issued with a certificate of ownership which will be the basis for their fodder allocation.

The fodder is distributed by the JCO and Mousa Arafah believes there will still be a problem as approximately one third of Jordan's sheep breeders are not eligible for either JCO or Agricultural Credit Corp. loans. When they are forced to take private loans, they falsify their stock numbers to obtain extra subsidised fodder which they then sell to private merchants.

Mr Arafah estimates Jordan's total livestock numbers at 1.3 million but says the JCO can cope if the figure is not inflated by more than 25 per cent.

UN support

In May a team from the United Nations Food and Agriculture Organization (FAO) visited Jordan to assess the problems caused by the drought and it has now recommended that support be provided. This is most likely to be in the form of direct food aid to farmers and livestock owners under the World Food Programme. It is the first time that Jordan has asked for outside help because of drought. Dr Abdul Ghani El-Nahar, animal adviser to the ministry told The Star.

The area least affected by drought so far is the Jordan Valley. In early April there was some re-scheduling of water allocations but the late April rains provided enough for summer irrigation. If the winter rains come in good time, that is by early October, the valley should not have any problems in 1984-85 but another late season will also hurt there.

Dr Suleiman Arabiyat, Associate Professor in Agriculture at the University of Jordan, told The Star that he believes there are several measures which should be taken both to deal more effectively with drought conditions and to develop Jordan's rain fed agriculture and livestock sector generally.

He says the government should take care to ensure that its meat imports do not lead to a decline in prices for locally-produced meat. He suggested that people should perhaps be encouraged to develop more of a taste for goat's meat as goats cope more readily than sheep with the drought conditions that will inevitably occur from time to time in Jordan.

Subsidies

Dr Arabiyat also believes that the government should also reconsider its current policies of subsidies for wheat, which currently run at about JD 34 per tonne. He says that surveys have shown that bread absorbs approximately four per cent of the budget of the average family and he believes that the general public should be prepared to share the burden of the drought by accepting a rise in the price of bread. He disagrees strongly with the idea of across the board subsidies which benefit rich as well as poor consumers and believes that if the general public was aware of the high cost of subsidies and their negligible affect on the majority of the population, they would not object to price rises.

Dr Arabiyat's final suggestion, and the one most likely to receive a sympathetic response from all sectors is that the new five year plan, for 1986-90 should place a greater emphasis on the development of rain-fed agriculture, range development and the livestock industry.

RECORD NUMBER OF STUDENTS TO GRADUATE FROM UNIVERSITY

Amman JORDAN TIMES in English 13 Jun 84 p 3

[Excerpt]

AMMAN (Petra) — The University of Jordan will Thursday graduate 2,237 students from its various faculties, the largest such number to graduate in one year. Of this number, 93 will receive a Masters degree and 166 will be presented with postgraduate diplomas, President of the University of Jordan Abdul Salam Al Majali announced here Tuesday.

year for the summer courses," Dr. Majali said.

Addressing a press conference on the occasion of the graduation of the university's 19th batch of students this year, Dr. Majali said that the university has 11,518 students at present, of whom 51 per cent are male and the rest are female.

In the past academic year, the university has accepted 3,032 students, of whom 220 were postgraduates, Dr. Majali said.

Also in the past academic year, he added, the university has selected the 30 most promising students in their third year of study to prepare them for a special orientation programme.

These students have met His

Royal Highness Crown Prince Hassan. Prime Minister Ahmad 'Obeidat and toured various economic projects in Jordan, and soon they will be given the opportunity to visit Arab and non-Arab states to look into their achievements and to meet their leaders, Dr. Majali explained.

In his press conference, Dr. Majali spoke of the development of education in Jordan and the achievements of the University of Jordan in this field.

The university of Jordan is among the very few Arab universities which offer summer courses and "we receive an average of 300 non-Jordanian students every

CSO: 4400/285

STATISTICS SHOW NATIONAL ELECTRICITY PRODUCTION

Amman JORDAN TIMES in English 14-15 Jun 84 p 3

[Text]

AMMAN (J.T.) — The last year witnessed a big increase in the volume of national production of electrical power produced by all generating stations throughout the country, according to a report published Sunday in the local Arabic daily newspaper Al Dus-tour citing as its source a statistical bulletin issued by the Jordan Electricity Authority (JEA).

It said that the number of subscribers to electrical current during the last year had increased over the preceding year by 36,000, bringing the number of subscribers throughout the country to 333,000.

This figure forms 77 per cent of the country's inhabitants, and is compared to the 287,000 subscribers in 1982.

The total of electricity generated by the JEA during last year reached 1,623 million KWH which is 84 per cent of the electrical power produced in Jordan; an increase of 25 per cent over 1982, the bulletin pointed out.

The revenue raised from the sale of electrical energy last year reached JD 33,763,000, which is an increase of JD 6,629,000 over the preceding year.

The consumption of electrical power by the various sectors in Jordan during 1983 was as follows: Industrial sector 44 per cent; trade sector 10.9 per cent; household consumption 33.2 per cent;

water pumping 6.7 per cent; street lighting 1.7 per cent and miscellaneous uses totalling 3.4 per cent. This brings the total of electrical power consumed during last year to 1,623 million KWH.

The continuing development of the Jordanian economy, dependence on Jordan as a centre for economic and commercial business in the region, the exploitation of geological resources, industries which consume large amounts of electricity as well as the very cold weather conditions which prevailed in the country during last winter were the major factors leading to the increase in the demand for electrical energy.

The bulletin also pointed out that JEA is currently constructing two gas turbines near the south Amman substation with a capacity of 30 MW each. They are expected to be operational by the end of 1984.

The first stage of the Aqaba Thermal Power Station (ATPS), the contracts for which were awarded earlier this year, and which comprises two sea water-cooled steam units with a capacity of 130 MW each is also under construction.

The JEA also completed the national Supervisory Control Centre (SCC) in 1983 which will control and supervise the national transmission grid thus making a big improvement in the standard of services rendered to consumers.

MEASURES TAKEN TO PROTECT ENVIRONMENT

Amman JORDAN TIMES in English 13 Jun 84 p 3

[Text]

AMMAN (J.T.) — Jordan, along with other world nations, marked Environment Day on June 5, and the department of environment at the Ministry of Municipal and Rural Affairs and the Environment issued an appeal to the public to protect the environment, that is water, the atmosphere, soil, trees, and plants, and to take whatever measures possible to prevent pollution of any kind in Jordan.

The department also issued a bulletin containing measures which it has undertaken since its establishment, in co-operation with local town councils, and announced the range of fines which it will impose on violators of the relevant laws.

Water resources

A departmental official said the office is co-operating with the Ministry of Health, the Natural Resources Authority (NRA) and other government agencies in protecting surface and ground water resources and controlling the use of water by people and industries with a view to preventing the pollution of water springs.

In this concern, the department has prepared several working papers on the protection of water basis in Jordan, and a defence order was issued recently containing measures to safeguard water resources in the water basins of Baqa, Zarqa, and Amman.

The department co-ordinates its work with other government departments in selecting sites for the building of wastewater treatment plants, controlling water

networks, reservoirs and other related projects.

The department also takes part in seminars on ways of using water, and continues to advise factories which use mineral oil to co-operate with the Jordan Petroleum Refinery Company on its use and disposal.

Atmosphere

The official said that it has specific regulations requiring guarantees from industrial businesses not to pollute the air.

This can be done through installing filter devices to prevent pollution. The department has been authorised to stop any industrial activity or enterprise which violates the regulations, especially those that deal with the asphalted roads, as well as keeping a tight control on stone and sand quarries amongst others.

At present, plans are being drawn up to hold a national symposium on ways to protect the atmosphere from pollution.

Soil, land

The department official said that it has drawn up regulations on the use of agricultural land which calls on the public to refrain from expanding the boundaries of municipalities and villages at the expense of agricultural land.

It also bans the cutting down of forest and fruit trees in order to exploit land for agricultural purposes.

Also introduced are measures

to prevent the pollution of soil and to advise the public on the best use of pesticides.

The rules also aim to support projects for the development of pastureland and afforestation, to combat desertification and to establishing parks and gardens within the boundaries of municipalities and villages.

Liquid, solid waste

The department of environment advises the public to dispose of solid waste by dumping it underground and covering it tightly, since this is a cheap method. The department has assigned several areas for the dumping of such waste.

As to liquid waste, the department urges people to dispose of wastewater, after treatment, in places far away from towns and population centres in a manner that will not pollute vegetation or water resources.

Desertification

The department sent a team to Algeria to examine methods to

fight desertification. In the light of their findings, it has planned to set up a "green dam" on the lines of an Algerian project that will stop the encroachment of desert on arable land.

Jordan has been selected by the U.N. Environment Programme (UNEP) to serve as a testing ground for an environmental project which is designed to reclaim land in the eastern regions of the country and to develop pasture land.

For this purpose, several UNEP teams have visited Jordan and an agreement has been reached to implement the project in two stages, with each lasting five years.

The first stage started in Jordan last month and is due to be completed in April 1989.

The second phase will begin in 1989 and is due to end in 1994.

The project is being financed by the U.N. Food and Agriculture Organisation (FAO) in co-operation with the Jordanian government and UNEP.

The department is also seeking to protect the beaches at Aqaba from pollution by keeping control on industrial activity in the city and by enforcing cleanliness on tourists.

STUDIES SEEK TO IMPROVE WATER QUALITY

Amman JORDAN TIMES in English 20 Jun 84 p 3

[Article by Anne Counsell]

[Text]

AMMAN — During the short period of its existence, the Water Research and Study Centre (WRSC) based at the University of Jordan has been very active in its efforts to contribute to the development of water resources, water conservation and to protect against water pollution and deterioration.

Established by Royal Decree in September 1982 and operational since March 1983, the WRSC has conducted numerous research projects in co-operation with departments and organisations concerned with water resources.

In an interview with the Jordan Times, the director of the WRSC, Dr. Elias Salameh, explained that the WRSC forms an interdisciplinary centre for the co-ordination of technology and applied research. The co-operation between the various faculties of the university and the water authorities reduces the duplication of research as well as maximising the use of available equipment, he added.

"Because of the limited water resources and the increasing demands of agriculture, industry and domestic usage it is essential that our available water resources are properly managed to avoid wastage, depletion and deterioration", said Dr. Salameh.

Quality decline

He went on to say that over-exploitation of water resources leads

to a decrease in water quality through a build-up of salts and other deposits, and that good management can avoid this problem as well as reducing pollution.

Mr. Mohammed Khawaj, a research engineer at the WRSC, said that a Water Research Council, with representatives from the concerned authorities, decides the relevant programmes of research and organises project financing to look into the problems and effects associated with water resources exploitation.

The council comprises: Dr. Abdul Salam Al Majali, president of the University of Jordan, Mohammed Keilani, president of the Water Authority of Jordan (WAJ); Dr. Munther Haddadin, president of the Jordan Valley Authority (JVA); Mr. Yousef Al Nimri, director of the Natural Resources Authority (NRA); as well as the deans of the Faculties of Technology and Engineering, Science, Agriculture and Scientific Research, and the president of the WRSC.

In addition, there is an advisory committee with technicians and engineers from the WAJ, NRA, JVA and the Royal Scientific Society (RSS) who conduct feasibility studies on projects suggested by the council.

Mr. Khawaj said that this co-operation and co-ordination has resulted in the initiation of several applied research projects.

Recycling effluent

One of these projects is a programme to study waste water re-use using effluent from treatment plants.

Mr. Khawaj said that since 1980 the use of waste water from the Ain Ghazal treatment plants for irrigation, industry or recreation has been forbidden due to pollution.

The WRSC is investigating the possible use of waste water for irrigation purposes using varying combinations of waste water and clean water and studying the effects on plant growth. The water to be used will have received primary treatment only, that is the sludge will have been separated out and the water dis-infected.

Aspects of waste water re-use to be studied include the nutrition requirements of crops and the nutrients available in the waste water, inorganic and organic load in the water as a measure of quality, uptake of toxic substances, the effect on pathogens, soil quality and salt build-up, ground water pollution through seepage and surface water pollution through run-off.

The project will be initiated this month, according to Dr. Salameh, and will run for two years using researchers from the Faculties of Agriculture, Biology and Chemistry.

Mr. Khawaj said that the project will be used as a field and pra-

tical demonstration for students in various scientific faculties as well as investigating a use for waste water.

The project is to be located at two sites; one at the King Hussein Medical Centre, where the waste water is polluted, and the second at the Queen Alia International Airport, where water from the treatment plant is relatively uncontaminated, with the co-operation of the Royal Medical Services (RMS) and the Civil Aviation Authority who are assisting the project, said Dr. Salameh.

Azraq basin

Sampling and analysis of water in the Azraq basin has also been done by the WRSC as part of an evaluation of the water resources there, said Dr. Salameh.

The WAJ is presently pumping between 12 and 16 million cubic metres of water per year from the Azraq basin to the Amman and Irbid regions and the effect of this pumping on the water reserves will be studied by the WRSC to avoid depletion.

Dr. Salameh said that this is an important study in order to avoid the repetition of previous mistakes in the Duhleil and Jaffa areas where over-exploitation led to depletion and salt water intrusions.

The recharge rates in the basin will be studied in order to maintain the Azraq oasis and the surrounding area, he said.

The request for the investigation was made by the WAJ who will supply the manpower for the project, which is expected to be financed by the University of Jordan.

Another current project is in operation in the Afra area where the hot springs discharge radioactive water containing trace metals and hydrogen sulphide.

Curative springs

The possibility of using the hot springs for medicinal and curative purposes is being investigated by the WRSC in co-operation with the University of Jordan, the Ministry of Health and the RMS.

The physical, chemical, bacteriological and biological parameters have been studied by the WRSC for the past seven months and the medical effects for skin diseases and rheumatism treatment will be investigated by the RMS.

The WRSC has also been commissioned by the WAJ to study the water quality of the East Ghor Canal and the effects of water treatment at the Deir Allah plant in the Jordan Valley.

The WRSC has been studying the water and analysing it for the past six months, although it is not yet conclusive whether irrigation water in the canal could be used for drinking purposes.

Mr. Khawaj emphasised the interdisciplinary activities of the WRSC saying that the centre uses the facilities and equipment as well as the staff and technicians of various faculties and departments within the university to co-ordinate research using specialists in chemistry, biology or agriculture depending on the individual projects.

Environmental protection

Dr. Salameh said that an increasing world-wide concern for the protection of the environment and conservation of natural resources, as well as more awareness about health and sanitation, has focused attention on improving water management, reducing water pollution and ensuring a safe water supply.

Although industrial development is relatively new in Jor-

dan, its resultant pollution is already becoming apparent with noticeable effects on ground water reserves and aquifers in the Zarqa River region, said Dr. Salameh.

Whilst the water quality in the Amman area has been improving over the past four years, due to the improved sewerage system and increased precipitation, there has been a deterioration in the water quality of the Zarqa region.

The WRSC has conducted research on the possible effects resulting from the proposed Mediterranean-Dead Sea Canal which would raise the Dead Sea water level in addition to displacing fresh groundwater reserves with salt water.

Extensive studies on the resultant changes in water quality as well as the possible flooding of the Arab Potash Company, roads, tourist facilities and farms in the area have been presented in a paper by Dr. Salameh and Mr. Khawaj which was issued last month.

Because of the need for technicians and water experts, the centre hopes to establish diploma and M.Sc. courses in water management, engineering and other related subjects on an interdisciplinary basis in co-operation with other faculties at the University.

The centre is currently establishing a library and information department to house data on all aspects of water. Also, the centre is presently having installed equipment that is not available in the other science faculties for both field and laboratory investigations.

Dr. Salameh also said that the WRSC hopes to hold seminars and lectures in the future inviting specialists from abroad. The centre is the first such facility in the Arab World to be based in a university.

BRIEFS

STUDY ABROAD--AMMAN (J.T.)--The fact that large numbers of Jordanian students are receiving their education abroad has been confirmed by a Ministry of Education report, according to a story published Monday in the local daily Arab newspaper Al Dustour. The report confirms that some 60,000 Jordanian male and female students are studying abroad and spending an estimated monthly amount of JD7 million, which totals JD 80 million a year. This huge number of Jordanian students studying abroad and the ever-spiralling costs of so doing demand that we find a solution, and Jordanian universities are required to conduct a study on this problem and to open their doors to a large number of these students if not most of them, the report said. The report subdivided the number of students studying abroad in terms of course specialisation as follows: Education 333; fine art 382; humanities 10,465; sociology 3,197; business administration 8,520; law and Islamic education 4,605; theology 11; science 3,748; medicine 7,596; engineering 15,838; agriculture 1,400; home economics 31 and other specialisations 4,102. [Text] [Amman JORDAN TIMES in English 13 Jun 84 p 3]

CULTURAL, TECHNICAL DISCUSSIONS WITH FRANCE--AMMAN (J.T.)--Jordan and France have endorsed the minutes of a three-day meeting of the Joint Jordanian French Cultural and Technical Committee which started here last Monday. The committee, which ended its meetings Wednesday evening, discussed bilateral co-operation in cultural affairs, technical training in telecommunications, French, programmes for Jordan Television, agricultural research, archaeological excavations, and marine science research programmes. The two sides also agreed on continuing co-operation on a map-drawing project, encouraging co-operation between French and Jordanian universities in cultural and educational fields, and the production of vaccines used to combat various diseases. The minutes were signed at a ceremony held at the National Planning Council in Amman by heads of the Jordanian and French teams in the joint committee. [Text] [Amman JORDAN TIMES in English 9 Jun 84 p 3]

RECORD PHOSPHATE PRODUCTION--AMMAN (Petra)--Phosphate production in May set a record, a Jordan Phosphates Mines Company official said Friday. JPMC produced 571,235 tonnes of phosphates during last May, compared with 440,669 tonnes during the same month last year, thus representing an increase of 29.6 percent, the JPMC spokesman added. During the past five months, the JPMC has produced 2,566,703 tonnes, while its production for the same period during last year was 1,832,063 tonnes, thus representing an increase of 40 percent over last year's figure. The company's exports of phosphates during the first five months of 1984 amounted to 1,566,700 tonnes as against 1,422,279 tonnes in 1983, representing an increase of 10.2 percent over the exports of the five first months in 1983, the sources also said. [Text] [Amman JORDAN TIMES in English 9 Jan 84 p 3]

INFORMATION MINISTER DISCUSSES GULF WAR, OTHER ISSUES

London AL-MAJALLAH in Arabic No 223, 19-25 May 84 pp 19-20

[Interview with 'Abd-al'Aziz al-Rawwas, Omani minister of information, by Amin Muhammad Amin: "Continuation of the Gulf War Promotes Foreign Intervention"; Musqat, date not specified]

[Text] 'Abd-al'Aziz al-Rawwas, the minister of information in the Sultanate of Oman, has confirmed that the continuation of the war between Iran and Iraq serves only the interests of foreign intervention in the region. Thus, there must be a halt to the shedding of Muslim blood on Muslim land by Muslim hands, for the continuation of such a situation serves only to deepen the enmity and widen the gulf between neighboring Muslim peoples. This is inimical to the interests of Islam and the Muslims, by thenature of the case. In his interview with AL-MAJALLAH, al-Rawwas said, "we look forward to the day when Iran will follow the example of Iraq and accept the efforts being exerted to stop the war." He affirmed that "there is a relatively optimistic view that the extent peaceful solutions are a hopeful sign. One of these solutions is the initiative announced by the Arab Republic of Egypt, our sister state, in coordination with India and the group of non-aligned states. In addition, there are the efforts of the Islamic Conference group, which has adopted another role under the leadership of the late President Sekou Toure. There are still other solutions. They all form a pressure group and an impetus toward the mobilization of a peaceful solution. This leads to the creation of a kind of foundation which can serve as the basis for a peaceful solution." The interview with the Omani minister of information follows.

[Question] What can you say about efforts of the countries in the Gulf Cooperation Council (GCC) with regard to the Gulf War?

[Answer] Attempts have been made by the GCC countries, but they are a thing of the past. Nevertheless, the efforts of the GCC countries as a whole are currently tending toward the mobilization of the mediation efforts extent among the various international groups. I am referring to the group of Islamic countries, the group of non-aligned countries, and the international efforts exerted by the United Nations, in addition to the exploitation of the bilateral relations of the GCC countries in the call for the creation of a kind of deterrent force oriented toward a

peaceful solution on the international level in general. Through this orientation, we in the Sultanate have moved and are moving in more than one direction under the leadership of Sultan Qabus bin Sa'd, the Sultan of Oman, in order to spare the blood of the Muslims. We want to see the language of dialogue predominate among the parties to the dispute, with everyone preserving what he has a right to, for as I said before, the continuation of this war serves only the forces of foreign countries in the region. We in the Sultanate of Oman and the GCC countries are very concerned about keeping the region out of the circle of the on-going conflict. We do not have any desire to become involved in it. We base our stand on the principle that a person should be able to choose the timing of his actions, instead of having them imposed on him for the sake of the interests of other, foreign powers. To speak quite frankly, it will not be in the interest of any state in the region if the conflict worsens and the region catches fire. Such a blaze will not serve the region's people. It will affect the world economy, because the region sits on the largest oil reserve in the world. In addition, this reserve is shipped through the Strait of Hormuz. These and other factors link the world economy to the Gulf region. Despite that, as long as the region does not appear capable of protecting its interests and those of others, it will be susceptible to foreign intervention. By the nature of the case, this would be a setback for the independence and development of the people of the region. In the face of this fact, we direct an open call to our sister country, Iran, so that she might accept the call to end the war and engage in peaceful negotiations.

[Question] Is there an Omani initiative for the adoption of this call?

[Answer] There is no Omani initiative. However, as I said, there is interest in the Gulf. Action is being taken to exploit bilateral relations in order to realize the basic demand of the people of the region for a halt to the war.

[Question] The Gulf diplomacy of the GCC countries is moving in more than one direction as a dove of peace with respect to the issues of the region and the Arab and Islamic nations, as well as with regard to international issues. With respect to the stages of its internal development, has this not had the effect of promoting cooperation among the people of the region?

[Answer] There is no doubt that the exerting of any effort affects the others efforts. However, no one can separate himself from his environment. Because of the GCC's Arab and Islamic affiliation and its membership in the group of non-aligned countries and the group of developing countries, in addition to its affiliation to the international community, the GCC countries must adopt certain positions. We have to act on the basis of them. With respect to the efforts at reconciliation we are undertaking in the GCC countries, we are acting on the basis of our Islamic doctrine. This is a demand made by Islam, for the Creator, may He be praised and exalted, is calling on us to end the discord. This is what we are doing and shall do.

[Question] The GCC countries have declared that the responsibility for protecting their land and resources belongs to their people. For this reason, graduated military coordination has begun among the GCC countries. How far have these efforts gone?

[Answer] I would like to affirm that military and security-related cooperation among the GCC countries is not linked to the circumstances of the Iran-Iraq War and its development. Quite frankly and clearly, this cooperation is taking place within the context of other forms of cooperation among the GCC countries in various fields, as one of the basic requirements for the existence of the GCC and as one of its basic characteristics. This cooperation has no connection with any event, and it is not directed against anyone. However, neither will we accept aggression by anyone. Therefore, military coordination exists.

There are various ways to achieve it. There is no place here to announce and publish them, because they are part of the strategy of the GCC countries and a tool for maintaining their sovereignty and independence.

Military Maneuvers

[Question] In this context, will the territory of the Sultanate witness joint military maneuvers among the GCC countries or with other countries in the future?

[Answer] Maneuvers in and of themselves have not become a secret matter surrounded by obscurity. Rather, they embody a military operation designed to train the armed forces under various conditions. Consequently, they have become a basic requirement for every army. Therefore, as we can see, all the armies of the World hold joint maneuvers with other armies with which they are bound by ties. They do so in order to gain experience and uncover areas of mistaken and correct performance. Therefore, maneuvers have become a routine activity for the armies of the world. On this basis, every state has come to plan to have its army undertake more than one maneuver with more than one party, as part of its military qualification process. Thus, we are trying to gain experience and learn about advanced technology in military fields. The same thing is done in civilian fields through the holding of conferences and conventions in order to gain expertise. Thus, military maneuvers amount to nothing but a conference designed to help one gain experience. However, this is done by using weapons in the area of operations under realistic conditions.

[Question] Is there a definite program for carrying out these maneuvers?

[Answer] Frankly, I know nothing about them.

[Question] Is the Sultanate tending toward shoring up its relations with the eastern camp?

[Answer] We are trying to use all our international contacts in order to apply the principle of cooperation and peaceful coexistence among the countries of the world. Sultan Qabus has called for this in his interviews with journalists. He has announced that the countries of the GCC are exploiting their international bilateral relations and using them for their own interests and those of the world, so that we can strengthen ourselves as a Gulf group and create a reserve on which we can depend in our international and diplomatic relations. On this basis, the Sultanate has relations with some countries in the socialist camp, such as Rumania and Yugoslavia. However, we have no relations with the Soviet Union. We take this position on the basis of the principles we follow in our relations with other countries, which are based on the principle of non-interference in the internal affairs of others. In addition, we wish to affirm what Sultan Qabus said when he declared that his greatest happiness would come when he would look at the map of the world and not see a country in conflict with the Sultanate. However, this desire is bound up with real causative factors and variables. When there is direct or indirect intervention in our internal affairs, we reject it, because it amounts to an infringement of our national sovereignty. Consequently, this is not a matter for discussion. Unfortunately, the Soviet Union is trying to interfere in our affairs. We have evidence of this intervention. On this basis, we define our position vis-a-vis the Soviet Union.

[Question] But does this not conflict with the idea that it is necessary to create balanced relations with the two camps in order to keep them from coming into conflict in the region?

[Answer] There is a difference between creating a balanced relationship and becoming a prisoner of a relationship. In order to be sound, a relationship must be based on mutual trust. Therefore, if the parties concerned do not demonstrate the existence of mutual trust, their relationship will be meaningless from the start.

[Question] Given the multiplicity and breadth of magnitude of the problems present on the Arab scene, the citizens have come to dread hearing news of them. They have started to flee and even fall silent in the face of them.

[Answer] That is exactly how I have put it. We have all become worn out. When a person tires in the race, he achieves nothing, because he is exhausted and worn out. This is what has caused the government of the Sultanate to call constantly for dialogue, which will give us a chance to catch our breath, think, and act with patience. In addition, it will keep us from making hurried decisions, which are sometimes imposed on us. We act on the basis of the idea that all our decisions should spring from our real situation and be based on our capabilities. We want to coexist on this basis. Therefore, in order to find a way out of our crises, we should refrain from wearing ourselves out and begin to do what we can, while hesitating to undertake that which we cannot do. When we tire in any race, we lose. When we lose, we despair and become more fatigued. We cannot see what is in front of us then. It is a national necessity for us

to look forward with vision and perception in order to preserve our Arab identity. This can only be done if we take realistic action to preserve our identity. This cause must be adopted by the leading Arab thinkers, so that they can devise a means for working that is consistent with the means available in this modern age of ours. This tool must spring from our Arab environment instead of being imported from abroad. Indeed, it must be tied to us by bonds of religion and race. The important thing is for us to stop importing solutions for our problems from abroad. This process of importation constantly conflicts with the error of application. What is sound in one place is not necessarily so in another. Moreover, when we disagree about a certain opinion and are not committed to executing it, we will not be able to convince the world of our demands, because he who loses something does not give it. Therefore, it is important for us as Arabs to do something definite and clear with conviction. We must commit ourselves to it in both word and deed. Then we will turn toward the outside world. Unfortunately, current Arab divisiveness and disunity trouble every person whose heart beats with that of this nation. We cannot solve these disagreements by putting them on the shelf. Instead, they must be dealt with and investigated in the necessary manner. Their progress must be evaluated and appropriate solutions must be devised for them, so that we will be able to act on a positive and serious basis.

A Firm Policy

[Question] Will this call be adopted by the GCC countries through their good and distinguished ties with the various parties?

[Answer] This is not a call. Rather, it is one of the policies of the GCC countries, which execute it via meetings with the other Arab groups. The question is this: How do we find a way to create the circumstances that will foster its success?

[Question] Is it expected that the anticipated Arab summit will solve these difficulties?

[Answer] No. Nothing new will come out of the summit, unless it is preceded by good preparation. Therefore, we hope that the coming meeting of the Arab foreign ministers will establish the foundations and principles for an opening on the Arab level, instead of waiting for it to come about in an Arab context and in one or more of the other close groups.

[Question] During the recent summit held by the leaders of the GCC countries in Soha, the Sultanate presented some projects. They included the construction of a pipeline to transport the oil of the GCC countries over land and the construction of a port on the Arabian Sea. What has been the fate of these suggestions?

[Answer] It is difficult to discuss the details of these projects. However, I would like to repeat what Sultan Qabus declared last year. He said that

the Sultanate had a strategic location because its territory spreads over a broad expanse of land and overlooks large areas of water, all of which can be exploited by the GCC countries in coordination with the government of the Sultanate. This is part of a dialogue being conducted among brother countries. However, I do not believe that any of these suggestions have been approved so far.

[Question] Does Oman have any reservations vis-a-vis some of the decisions made by the GCC countries? Why has not the Sultanate annulled the entry visas of the GCC citizens yet?

[Answer] The Sultanate has no reservations regarding the decisions of the GCC, because they are collective decisions. However, each state does follow certain points with regard to the application of some particulars, in accordance with its internal circumstances and for a limited period. This is done in order to bring its internal laws in line with the new laws of the GCC. This is what is happening in the Sultanate. Some interpret it as reservations. However, we are trying to apply the laws gradually, so that the citizens and agencies can get used to them. We want their effectiveness to be demonstrated by the price we take in the process of cooperation. This means it will be necessary to be patient and give the matter a total opportunity, so that we can attain the unity represented by integration and the desired coordination, with everyone taking each other's hand all down the line. We do not want a pyradidal hierarchy, in which some look down on others from above. With respect to the visas, meetings are being held by the representatives of the various passport and emigration departments in the GCC countries. All of them are in agreement, and there is no problem. Here in the Sultanate, many technicians from the Gulf countries are working just like Omani citizens. However, as I have said, our task is to create agreement and coordination between our local laws and the Gulf laws. For example, the economic agreement gave the citizen the same advantages enjoyed by the citizens in the other GCC countries. Therefore, while you cannot protect him from the deterrent laws in this country, you will have given him even more privileges than are enjoyed by the original citizens, and you will have brought citizens from one location to compete with their brothers for their livelihood. Therefore, the obstacles are the organizing laws. The facilitations are freedom of movement. This freedom cannot be given randomly. To do so would be to resemble a person who drives without following the traffic regulations. There is no doubt that such a person will cause more than one accident. This is what we are trying to avoid. Therefore, joint, collective activity is modern, intelligent activity. Each side must be forthcoming to the other side in this regard, in order to create a single identity. This will not come about overnight. However, it can be done by laying the foundations in their proper framework and by thinking out loud.

[Question] What about the areas of media cooperation currently being discussed?

[Answer] The most important proposal is the suggestion to hold a conference of the information ministers of the GCC countries in the second half of this year. We hope that our meetings will be able to add to what we have achieved in the way of coordination among the information agencies in foreign and domestic media policies. In and of itself, this requires that we as information officials hold more meetings and make more contacts in order to regulate matters.

[Question] Does this mean it is necessary to set up a higher council for information in the Gulf?

[Answer] We have not yet defined the framework. However, we do feel a need to study and confer in order to work out a common vision of our media activity, through which we in the region can protect ourselves from attempts to invade us intellectually in an organized or unorganized manner. This is especially important because others are ahead of us in many technical matters, such as satellites and direct transmission. These things already are affecting the individual and society, as well as our customs and traditions. We will face these issues and matters in the 1990's, but we must prepare for them now. In addition, we must do research and prepare to make the best use of the Arab satellite that is expected to be launched. And there are many other matters as well.

Cooperative Television

[Question] Among the projects proposed in the area of Gulf media coordination by the GCC countries is the establishment of a joint television channel. A Gulf newspaper, a Gulf radio station, and other projects have been suggested as well. What has been the fate of these suggestions?

[Answer] All these suggestions were rejected by the recent conference of information ministers. I am happy about this, because they would not have realized anything worth mentioning. We can see the proof of that in the case of the "joint Gulf evening show", which had to face numerous difficulties. Therefore, why should we rush ahead and try to run before we can walk? We praise God that we have managed to find some common ground and think together while working together as partners in destiny. We are not asked to show good intentions, but we are required to show the extent of our ability to execute, for any setback on the way will affect us. We must not let this happen. We have many media agencies in the Gulf. Our role is to find ways in which to use what we have and develop our capabilities in the best possible manner, so that they will have a common Gulf air and possess the characteristic of being comprehensive. This is what we are trying to realize through the current round of joint Gulf Media activity and through the use of our extant media institutions in a comprehensive fashion. Therefore, in the current stage, there is notendency to establish new media facilities for the GCC. Rather, there is a tendency to solidify and exploit the extant projects and to make them both comprehensive and on-going in their Gulf role.

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ORIGINS OF TRADE SURPLUS ANALYZED

London AL-SHARQ AL-AWSAT in Arabic 22 May 84 p 5

[Article: "The Trade Surplus Is Due to Petroleum Revenues and Re-exporting"]

[Text] The Omani Ministry of Trade and Industry has issued a study on the directions of the Sultanate's trade with the nations of the world since the beginning of the 1980's, with an emphasis on calculating the extent of gains and losses achieved as a result of the change in the prices of exports and imports exchanged with the various countries of the world during the period dealt with by the study.

The study indicates that Oman's exports were limited before the discovery and exporting of oil began in 1967. They were concentrated in some agricultural goods, such as fresh fruit, vegetables, dried lemons, and dates, in addition to dried and salted fish. In recent years, flour, asbestos pipes, dyes, ready-to-wear clothing, some other industrial goods, hides and henna have been added to the list, as well as palm fronds and live animals.

After the exporting of oil began, the relative importance of traditional exports declined to a large extent, since oil exports quickly dominated the export trade. They came to make up 99 percent of Oman's total exports.

Re-exporting operations have been experiencing steady growth since 1976. They make up an increasing share of the country's total exports. This is due to the interest shown by the state in providing the basic infrastructure needed to support the commercial sector in general. The new port of Qabus has been built for this reason, as well as another port in the southern region. It has also been possible to link the various parts of the Sultanate by a network of modern roads.

As a result of this, Omani merchants have been active since 1975 in the field of re-exporting some of the goods coming into the country to the various Arab countries in the Gulf. The United Arab Emirates (UAE) takes the lion's share of them. The importance of re-exporting operations is expected to continue to grow in the coming years, especially given the facilities provided by the Omani ports.

Changes in the Decade of the 1980's

The structure of foreign trade in general reflects the changes occurring in the economic activity of the country. Imports have been concentrated largely on goods used for development purposes. This fact bears witness to the increase in development activity in the Sultanate. One hears that considerable changes are expected to occur in the structure of Omani imports in the decade of the 1980's. This will come after the completion of the construction of a number of important production projects, which will decrease the Sultanate's dependence on some kinds of imports. For example, the growth of consumer-oriented industries in the country will decrease its dependence on some manufactured imports. Moreover, the Sultanate's balance of trade has been achieving a surplus since the beginning of the decade.

With respect to the determination of the orientations of the country's net trading position and the calculation of the extent of gain and loss in the Sultanate's foreign trade, the study chose 1979 as the base year from which to calculate a series of norms for foreign trade for the period 1981-1982. The calculations deal only with the figures for the prices of exports and imports.

The study points out that the Omani economy is heavily dependent on oil as a major source of national income and of the country's foreign exchange. In view of the seriousness and importance of this situation, and because it is advisable to reduce the degree of dependence on any country's economy on a single major source of income and foreign exchange, the Sultanate's rate of international trade has been calculated for two cases. The first case assumes away the presence of oil exports, while the second takes oil exports into account. The result was the determination of the country's net position in international trade and the calculation of the amount of profit and loss, assuming there were no oil exports. It was discovered that the flow of international trade was in the Sultanate's favor in 1981 and 1982, and that it was not in the country's favor in 1980.

The fact that trade went in Oman's favor in the aforementioned years is due to the fact that the norms for the prices of the Sultanate's exports was a higher than that for the prices of its imports, with the latter holding steady for the years 1980-1982. This in turn was due to the fact that a relative improvement occurred in the prices of the machinery and transportation equipment Oman re-exported. These goods represented 48 percent of Oman's non-oil exports in the base year of 1979, and their price rose considerably from 1,087 riyals per ton in 1979, 1,808 riyals in 1981 and 1,785 riyals in 1982, despite the drop in overall prices for foodstuffs, live animals, beverages, tobacco, and manufactured goods in 1982. However, the decrease in the relative importance of these goods in the base year did not prevent the record number for the prices of the Sultanate's exports from rising above that for its imports in 1981 and 1982. It is no secret that if the value of the re-exported goods was removed from the numerical model for the base year, the situation would probably change a great deal.

As a result of the changes in the prices of the Sultanate's exports and imports, it has achieved some gains and suffered some losses. The end

result was a reasonable gain for the Sultanate. On the export side, including oil, the Sultanate realized gains amounting to 1,931,902 Omani riyals, which equals 43.5 percent of the country's total exports in 1981 and 1982. On the import side, the Sultanate lost a total of 327,081 [as published] Omani riyals, which is equal to 14.1 percent of the Sultanate's total imports during the aforementioned period. Thus, thanks to its oil, the Sultanate achieved a net profit of 604,821 [as published] Omani riyals, which is equal to 23.7 percent of the total foreign trade of the Sultanate of Oman during the years 1980-1982.

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INVESTMENTS FROM GULF WELCOMED

Riyadh AL-RIYAD in Arabic 2 Jun 84 p 17

[Article: "The Sultanate of Oman Will Not Hesitate To Accept the Establishment of Any Joint Projects Among the Gulf Cooperation Council Countries"]

[Text] The Sultanate of Oman has announced that it welcomes Gulf investments in the areas in which activity has been agreed to. It will not hesitate to accept the establishment of any joint projects between the Arab Gulf Cooperation Council (GCC) countries, if they are of proven benefit for the Omani economy and the economies of the other GCC countries.

This statement was made in an interview with the Omani minister of trade and industry, Mr Salim bin 'Abdallah al-Ghazali. The interview appeared in the magazine AL-TA'AWUN AL-KHALIJI, which is published in Nicosia.

The minister said, "We will not hesitate to accept the establishment of any joint project, if it is shown to be economically beneficial for the economy of Oman and the economies of the other GCC countries."

With regard to the extent of the success of joint ventures, he affirmed that the success of a project is determined by detailed studies done before its establishment and by the ability it and its administration demonstrate after it has been set up.

He went on to say that joint ventures would have a large role to play in linking the interests of the citizens of the GCC countries, and that they would therefore have a positive effect on the strengthening of economic integration, which is the desire of the GCC countries.

In response to a question about the application of the unified tariff structure among the GCC countries, Mr Salim bin 'Abdallah al-Ghazali said that minimum application of the tariff had commenced, as had been agreed by the GCC countries. The minimum level is 4 percent, and it came into effect in September 1983.

He referred to the goal behind the tariff unification, saying that the Gulf states are trying to make the region into an internally unified market,

both among the member states and vis-a-vis the outside world. Therefore, the action taken to realize a unified internal market amounted to the elimination of tariff barriers between the member states, while that taken to achieve a unified market with respect to the outside world was the unification of tariff rates. These two measures realized the goal of internal and external market unity.

Minister al-Ghazali reviewed the progress of the Omani economy in light of the projects currently being executed. He said that the most important indicator of the economic development witnessed by the Sultanate of Oman was GNP. In 1975, at the beginning of the first 5-year plan, GNP was 587 million Omani riyals. By the end of 1982, GNP had risen to 2.239 billion Omani riyals. That is, it was four times the 1975 level.

The Omani minister said that despite the international economic stagnation of 1981/1982, the Sultanate of Oman had achieved a balance of trade surplus for 1982 of more than 440 million Omani riyals. This is a great achievement in and of itself, since international trade experienced a negative rate of growth in the same year.

In the area of industry, the Oman cement factory has begun production with a productive capacity of 624,000 tons per annum. The Raysut cement factory also has begun producing, with a productive capacity of 210,000 tons per annum. In addition, two animal fodder plants in Muscat and Salalah have come on line, with an estimated productive capacity of 80,000 tons per year.

At the end of 1982, total gross domestic product for industry was worth 35.6 million Omani riyals, as compared with 2.1 million Omani riyals in 1975.

With regard to the indicators of economic development in the Sultanate of Oman, the minister said that the number of schools had increased, rising from 413 schools in 1981 to 477 at the end of 1982. In addition, the number of registered companies rose from 14,297 in 1981 to 19,450 at the end of 1983.

Moreover, the oil sector registered an increase of 19.5 percent in 1982 in comparison with 1981.

Mr al-Ghazali said that the Omani economy is characterized by the pursuit of a conservative, flexible policy. The goals of the development plan interface with the real situation in the country. Both the public and the private sectors have played active roles in achieving the goals of the 5-year plan.

The Omani minister explained that the huge projects being executed by Oman's Ministry of Trade are one of the incentives provided by the Omani government in order to encourage the private sector to move into industry in accordance with the efforts exerted by the state to diversify the sources of national income.

The Omani minister of trade and industry announced that the ministry is currently conducting the primary studies needed to establish a stock market, since the growth of joint stock companies in the Sultanate of Oman has been increasing. A place must be created where buyers and sellers can meet to trade shares, with both being perfectly aware of the market value of the stock. He said, "The market we are intending to establish will be limited to trading in the shares of Omani companies."

He rejected the suggestion that one could compare the market to be established in the Sultanate of Oman with Suq al-Manakh in Kuwait. He said, "The laws and regulations will be explained to the market, and the Omani Ministry of Trade and Industry will supervise their enforcement, all the while taking into account the protection of Omani investors and the stability of the market."

He said that the Sultanate is working to stimulate tourism. Therefore, several tourism projects have been included in the second 5-year plan, which is currently being executed.

Regarding the application of the economic treaty between the countries of the GCC, the Omani minister said that the agreement had begun to be executed in March 1983. That is, it is now in the beginning of its 2nd year.

Mr Salim bin 'Abdallah al-Ghazali affirmed that economic integration is a long and difficult road that requires the establishment of rules and foundations in the beginning on which it can rest. This is what the GCC countries are doing now. He referred to the ministerial committees that have been formed in all areas. He considers the formation of these committees to be the greatest achievement realized on the way to integration, since they and their subcommittees serve as a forum for frank and clear discussions on all matters tending to strengthen the desired integration. These committees also study all the reports and suggestions submitted by the general secretariat and the member states. In addition, they review problems and draw up successful solutions to them. This is a sound program to follow in order to achieve the desired cooperation.

As for the principle of possession among the citizens of the GCC countries, he said that it was not in and of itself a source of disagreement. However, its application requires a great deal of deliberate study that will take into account the circumstances and potential of each member state. On the basis, several committees have been commissioned to investigate and research the subject in all its aspects, in preparation for a determination of the matter in the near future by the concerned agencies in the GCC countries.

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FACE OF PHYSICAL DEVELOPMENT DESCRIBED

London AL-TADAMUN in Arabic No 62, 16 Jun 84 pp 36-37

[Article: "Muscat Is the Treasure House of Oman's Ancient History, While Ruwi Watches the Future With a Rapid Rhythm"]

[Text] The face of Oman has changed with great speed since 1970. Modern methods have been used in construction and building, and they have been accompanied by intelligent planning. All this has had an effect on the achievement of the rapid removal of the divisions between the coast and the interior, as well as between northern Oman and Dhufar.

Perhaps the most magnificent civil construction project is the Muscat-Matrah center. In 1984, it is no longer correct to refer to Muscat as Oman's modern capital. The development road has extended from Muscat to the al-Sib international airport, which lies 25 miles to the north along the coast. Thus, it has practically formed "the region of the new capital."

The speed with which Muscat has been transformed from a cramped capital similar to the cities of the Middle Ages into a long, continuous area of development has been astonishing. In 1970, the easiest means of transportation was walking. As for today, the automobile has become a practical necessity for anyone who wants to move about in the region of the capital. This is one of the characteristics of development that has changed the face of life in Oman.

Everything moves on wheels now. Even the people have replaced their legs with four wheels that take them home, to the office, or to one of the intensive care facilities at a hospital, where lines can be attached to one's hands or feet, and where one's body can be wrapped in "medical cellophane". There one's heart can beat with the assistance of devices planted around the room. If the patient is fated to survive, he may depart on wheels as well, as he leaves in a wheel chair, in which he can sit without having to walk for the rest of his life. His feet "retire," that is, they rest, as they are no longer good for anything except wearing shoes. In the same way, automobiles have become mobile, elegant, high-priced "palanquins". They move on fast wheels that take us where we want, and sometimes where we do not want. They transport us to the edges of the wide world, as well as to the edges of the other world. Therefore, many

automobile manufacturing companies have taken to inventing numerous means of preserving passengers' safety, thereby reducing the danger of injuries which most often leads to death.

Many countries have drawn up and instituted strict traffic laws and regulations that are incumbent on every driver on pain of prosecution. In this context, the Sultanate is considered to be a country with a good reputation in the area of traffic laws. This has had an enormous effect by decreasing infractions and limiting both recklessness and speeding.

It seems that we have departed from our subject.

The important thing is that Muscat itself has begun to change into a museum cum storehouse in which the treasures of the country are displayed. It contains some ministries and the important embassies, such as those of Britain, America, Iran and India. The last two moved some time ago to the area of Ruwi. The citadels of al-Mirani and al-Jalali remain. They were built in the 16th century, and they stand as witnesses to the greatness of this city. Perhaps the phenomenon that symbolizes best the rapid disappearance of the old barriers is the collapse of the Great Gate. It is the gateway leading to Matrah, and it was built in the 17th century. It collapsed in 1973, and it is thought that this occurred because automobiles shook its foundations.

From Muscat to Ruwi

The first construction project in Oman was the development of the coastal road from Muscat to Matrah. It was later followed by the best of the new housing projects, which is located in the city of Qabus, 12 kilometers from Muscat. The town lies to the west of the sea at al-Qarm, between Muscat and al-Sib. The houses there are modern in their conception, but were built according to the traditional Arab model in terms of architecture. They thus combine the best of both worlds, in terms of both appearance and their ability to provide their inhabitants with comfort. The project aimed to achieve two basic goals. First of all, it was an important step toward the solution of the housing crisis. Secondly, Qabus City helped to prevent modernity from flooding the old city of Muscat and distorting it entirely with private and commercial buildings.

In view of the developmental expansion that has occurred in new and widely separated regions, a very important problem has emerged to confront the people. It has to do with the conduct of their business. Specifically, it has to do with the hours they spend on the roads each day, thereby wasting time and fraying their nerves.

As the problem has worsened day by day, people have begun to think about a new plan for the capital's roads. This is especially true because all transportation has shifted from Muscat to Ruwi.

Thus, in mid 1982, work was begun on the construction of overpasses at three busy intersections. One is in Wadi 'Adi, the second is in

al-Hamriyah, and the third is in Ruwi. The latter intersection has turned the area around it into something resembling a constantly busy work shop. This is because of its population density, the markets, the business offices, the ministry buildings, and the government offices located there.

A Race with Time

Anyone who walks in this area in the middle of Ruwi will immediately notice the lack of crowding. The only point that used to witness continuous crowding was near the post office. The matter has been resolved by bringing in traffic lights, which were set up in the Sultanate for the first time in the beginning of 1982. This method is considered an advanced example for the other roads of the capital.

Only a few meters along the same road in the direction of the Ruwi hotel, there is a similar intersection lacking the traffic lights. Every day, more than one accident occurs here among the cars that pass by in six directions.

What can be done, since everyone is hurrying? Those who understand the traffic rules cannot wait, while those who do not understand them proceed with the idea that the road is theirs. This "false knowledge" produces collisions in abundance. If it is your fate to emerge safely from this curve, you are surprised by another intersection on the way to the Central Bank. In this intersection, it is "every man for himself," as the expression goes. Because the clever are few, they face a large number of the reckless. The cars must go bumper to bumper, so long as no one is in control. There is no traffic policeman to organize the flow. Unless you are a super driver with a dozen eyes in your head and the body of superman, we advise you not to go down this road alone. If you are forced to do so, then race. Run a marathon by yourself and place your trust in God. At the very least, you will reach your destination safely, without finding yourself and your car in the same position as the driver who lets neither wail nor light pole stand in his way.

What did we care about poles? We had come to write and take pictures. Close to a sign that read "stopping zone", we recalled that we were sitting in a car. We got out and stood there looking, I with my eyes and the photographer with his camera.

Buildings Are Sprouting Like Mushrooms

We were in the biggest and most modern street in Ruwi. In the middle of its length was the Omani Central Bank. Across from it were two structures in the final stages of construction. In summation, the area has begun to sprout lofty buildings with wonderful geometric shapes, just like mushrooms sprout on the prairie. In the next few years, they are supposed to be filled up, becoming centers for the banks working in the Sultanate. Next to this construction workshop, there is another one located in the small valley that lies in the area's middle. A broad road is

being constructed over water drains. They resemble those that have been built on a number of roads in the villages of the Sultanate's provinces. Previously, these roads were sometimes submerged by heavy rains.

To the right of the road, we saw a sign warning that there was a detour ahead. We went a little cautiously because of it, and much more cautiously because of rows of barrels on both sides of the road, which were painted red and white. The curve was tight, and we had to be careful not to hit a barrel.

We traversed change to be surprised by new transformations. What really struck us was the presence of all these barrels, lined up in geometric fashion along both sides of the road. In addition, there was another long row in the middle of the road. Moreover, on the right, there was a forest of iron bars. Nothing was lacking but the barbed wire!

In the same way, somebody coming from the west must travel on internal roads that are not asphalted. They are considered to be traps for cars, since they are full of potholes and ditches and curse the automobiles and its inventors.

Automobile crowding had not begun in earnest yet. The day was still beginning. Close to a large sign by the side of the road stood a group of men and women waiting for the buses that would take them in different directions. The buses have become larger and their riders have become fewer.

In the same place, several pick-up trucks had stopped while their drivers hunted for riders for the Hamriyah-Musqat-Matrah trip. No one was interested. The bus came and everyone got on at once. They all wanted to be photographed, and so they moved around in front of the camera like the dancer of the hour. They thought that their youthfulness would appear in the picture. However, the photographer was not in a good mood.

This area stays normal all through the week, except for Friday, when your eyes see only light. The inhabitants of the area recognize their houses with difficulty and reach them only after traversing seas of human bodies that collect here to be driven or to ride the buses, after having seen an Indian film like "Lader Mandra" or "Lishami Kabur."

Thus, we find that writing about Ruwi, which has stolen the lights from Muscat, is a strange thing. The city is both like Muscat and opposed to it, it contains that which has been imposed and that which has been rejected, and it has both modern buildings and huge bridges under construction and roads one could find in an Omani village. Ruwi is a place of contradictions. It contains both frantic motion and deliberation without motion. In addition, it has traffic lights, some of which work and some of which are awaiting their turn. Its excuse for all this is that it is in a race with time. In it, day and night are linked by continuous work at a common tempo. This can only be development.

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PALESTINIAN AFFAIRS

PLO EXECUTIVE COMMITTEE MEMBER DISCUSSES CURRENT RELATIONS

London AL-MAJALLAH in Arabic No 226, 9-15 Jun 84 pp 29-30

[Interview With Jamal al-Surani, PLO Executive Committee Member, by Jamal al-Rawi: "Five Conditions Will Lift Palestinian Issue Out of Current Dilemma"; in Vienna, date not specified]

[Text] Vienna--For several months, since the Tripoli battle specifically, the Palestinian issue has been experiencing a phase of political, diplomatic and military stagnation. Nobody knows how long this will continue and what its consequences to the future of the issue will be. AL-MAJALLAH has raised the question with Jamal al-Surani, one of the most prominent Palestinian leaders, the PLO Executive Committee member, the permanent Palestinian delegate to the Arab League and the secretary general of the Palestinian Lawyers Union.

[Question] How do you evaluate the present phase being experienced by the Palestinian issue, which seems to be a phase of stagnation?

[Answer] I believe that it is more precise to say that we are undergoing a transition phase imposed on us by objective circumstances beyond our control, the most important being the U.S. presidential elections, the Israeli parliamentary elections and the Arab world's unstable conditions. Add to this the fact that international tension is at its peak. All these given facts obstruct moving the issue and force us to wait.

[Question] How, in your opinion, can the Palestinian issue be lifted out of this dilemma?

[Answer] The Palestinian issue cannot be lifted out of the current dilemma without restoring the balance of forces to the area. This requires improving the Arab situation in its entirety because when the Arab situation improves, the balance will return to the area automatically. This is why we consider our fundamental goal in this phase the exertion of efforts to put the Arab ranks in order because we cannot embark on any serious and effective movement without a firm base backing us. To achieve this, there are five fundamental conditions that must be secured:

First, Egypt's return to the Arab ranks. Without Egypt, the Arabs cannot move forward. For Egypt to return, it must be helped to get rid of the consequences of the Camp David policy. Egypt is facing numerous economic.

military and political problems which it cannot solve by itself. For example, Egypt relies currently on U.S. economic aid. As long as it is tied to this aid, Egypt cannot break its bond to U.S. policy. Why do the Arabs not help Egypt rearm its army and modernize its equipment so that its word may become stronger and more influential? Egypt is the only power capable of stemming the Arab collapse and of confronting the plot to divide the area into mini-states. The partition of Lebanon, should it occur, will be the prelude to what will happen in the area. To put it briefly, we cannot dispense with Egypt and Egypt cannot return to the Arab ranks by itself because it needs the aid of the other Arab countries.

Second, ending the Iraq-Iran war. All efforts must be exerted to achieve this as quickly as possible because this bleeding wound in the area's side diverts the Arabs from giving thought to the essential issue, namely the Palestinian issue, and wastes the Arab blood and wealth in a side battle. I believe that the Arab countries can, if they agree among themselves, put an end to this war. Iraq will then be able to perform its fundamental role in confronting Israel.

Third, restoring normal relations between Syria and Jordan.

Fourth, restoring normal relations between Syria and Iraq.

Fifth, restoring normal relations between Syrian and the PLO.

These are the five conditions that must be met if the Arabs want to achieve any phased objective. Otherwise, the collapse will continue till God knows when and nobody can foretell the gravity of the consequences.

People of the Bank and Strip

[Question] Should the current dilemma persist for a long time, are you not afraid that the West Bank and Gaza Strip people will, in the face of the intensifying pressure of the occupation, seek their own solution as long as the PLO is incapable of rescuing them?

[Answer] Israel and the United States, through its embassy in Tel Aviv, have already tried to create an alternative leadership at home and to mislead our people into believing that it is possible to reach an understanding with the Israeli Government directly. However, our people know, by virtue of their daily experience with life under the occupation, that Israel lies and that it is persisting in Judaizing the West Bank and Gaza Strip in preparation to annexing them. The more obvious the Zionist scheme becomes, the more strongly convinced our people become that it is impossible to reach an understanding with the Zionists. Israel and the United States deny the Palestinian people's rights. As long as they refuse to recognize the Palestinian people's rights when the people are united, then why should they recognize these rights if the people become divided? In any case, a meeting was held in Amman sometime ago between some leaders from inside the Bank and the Strip and a number of PLO leaders. The dialogue was extremely frank and clear and the representatives from inside emerged from the meeting more strongly convinced than ever before of the PLO's policy.

[Question] Where has the issue of the split in the Fatah Movement reached?

[Answer] This issue was closed long ago and has become a part of the past. The dissident movement was a storm in a tea cup and those who carried weapons in the face of the Palestinian people's sons have no place in the PLO.

Relationship With Syria

[Question] But the disagreement with Syria still persists?

[Answer] The relationship with Syria is an important fundamental issue. However, it is a different issue. We as a liberation organization have said and continue to say that we aspire for rapprochement and cohesion with Syria. Syria is an essential fundamental base for confronting the Zionist enemy and an essential fundamental base for reaching any settlement. Neither war nor peace are possible without Syria. Our hand is extended and all we ask is respect for the independence of Palestinian decisionmaking. This is least possible.

[Question] What prevents you, as the leadership of the PLO, from calling for a new session of the Palestine National Council?

[Answer] The convocation of a new session of the Palestine National Council is very important. The preparations for this session are proceeding actively. There are, of course, differences of opinion between the Palestinian tendencies. But I am optimistic that we will reach agreement shortly and that the council will convene in Algiers within weeks.

[Question] Are you going to invite all the council members to take part in this session's activities?

[Answer] Naturally, all the council members are entitled to attend. However, the council is empowered to expel from among its ranks all those who carried weapons against our people and plotted against the people's unity and against the independence of their decisionmaking.

[Question] Do you not think that it will be difficult to adopt in this sessions resolutions by agreement, as has happened customarily so far, instead of adopting them by vote?

[Answer] We have relied so far on the formula of adopting resolutions through accord or consent, without voting. We will try to carry on with this formula because it has its merits. But should this be impossible, then the council is entitled to adopt its resolutions by the majority. I personally have no objection to this.

Operations at Home

[Question] What is your comment on the series of military operations carried out inside Israel in the past months?

[Answer] These operations answer clearly all those who have claimed that the PLO has abandoned the armed struggle. We have not and will not abandon the armed struggle and we still believe that it is one of the main instruments for achieving Palestinian rights.

[Question] Where do Palestinian-Jordanian relations stand today?

[Answer] Our relations with Jordan are clear and good. They are best reflected in the joint statement issued in the wake of brother Abu 'Ammar's latest visit to Amman. During his visit to Washington, King Husayn became aware of the true U.S. position. There is agreement between us and King Husayn on all the fundamental issues.

[Question] What about Palestinian-Saudi relations?

[Answer] Palestinian-Saudi relations have always been good. They are traditional [historical] relations which started in the days of the late King 'Abd-al-'Aziz Al Sa'ud. What is required of Saudi Arabia in this phase is what is required of every Arab state, namely to exert utmost efforts to unite the Arab ranks because the U.S.-Israeli policy has become sufficiently clear. It is a policy aimed against all the Arab countries, including Saudi Arabia. In the face of this policy, we must act in solidarity. The kingdom has a fundamental role in this regard because its word is heard in the various parts of the Arab world.

8494

CSO: 4404/526

AL-TARAZI DISCUSSES STATUS OF CURRENT DIPLOMATIC EFFORTS

London AL-MAJALLAH in Arabic No 227, 16-22 Jun 84 pp 25-26

[Interview With Zuhdi Labib al-Tarazi, PLO Permanent Delegate to United Nations, by Jamal al-Rawi: "No Progress Is Possible at Level of Palestinian Issue Without Implementation of Fes Resolutions;" in Vienna, date not specified]

[Text] As long as Israel is superior militarily, because the Arabs' divisions make them too weak to prepare for war seriously, because the Palestinian resistance at home lacks weapons and because the PLO forces are scattered far from the occupied homeland, the only hope the Palestinians have in the foreseeable future is the diplomatic solution. Even though every rational person knows that what has been taken by force can be restored only by force and that Israel will not return a single inch of land to its owners unless forced to do so, the real situation and the balance of powers dictate that the Palestinian people try to wrench their right by diplomatic means. Among the Palestinian leaders working to achieve this impossible objective, there is one person who knows, more than anybody else, the true situation of the Palestinian issue in the international arena, considering that he is in daily contact with representatives of all the world countries. This individual, who has been behind most of the diplomatic victories scored by the Palestinian cause, is Zuhdi Labib al-Tarazi, the PLO permanent delegate to the Austrian capital and evaluated with him the current diplomatic position of the Palestinian issue.

[Question] How do you evaluate the current diplomatic position of the Palestinian issue? Do you not think that the international interest in the issue has diminished recently and that there is stagnation in the efforts seeking to find a solution for it?

[Answer] Outwardly, there is an evident stagnation. But practically, our efforts continue despite the difficult situation we are undergoing. To understand the causes of this situation, we must point out that the Palestinian issue does not develop diplomatically in a void and as an independent issue but that it is influenced by what happens in the Arab arena, which is the base from which emanate all our international movements within the various frameworks (the Islamic countries group, the European countries group, the socialist countries group and the United Nations).

The big problem facing us is that extensive stagnation is dominating the Arab arena. Nothing is more indicative of this stagnation than the failure of the Arab countries to follow up on the historic resolutions adopted at the Fes summit in September 1982. In its latest session, our National Council welcomed these resolutions, (considering them a minimum). The Islamic countries, the nonaligned countries, the European countries, the socialist countries and the UN General Assembly have also welcomed them. To put it briefly, the entire world considered these resolution a constructive historical step on the path of peace. Then we find the Arabs disregarding them and neglecting to follow up on the outcome of the first tour conducted by the seven-member committee in the five major countries to present to them these resolutions. King Hassan II of Morocco, who was the chairman of the summit and of the seven-member committee, has noted in a speech before the UN General Assembly that he has not been able to gather the members of the seven-member committee to exchange views with them and to evaluate what they had achieved in their tour.

How can this bitter fact and this Arab neglect be explained? It is either that some of those who signed the Fes peace plan did not believe in it, and this is serious, or that the political will of some Arab countries has not yet attained the full maturity that permits these countries to move from the stage of words to the stage of implementation of the words, and this is more serious.

It is axiomatic that this paralysis has affected us seriously and has weakened our diplomatic initiatives. We cannot ask the world to respect the Arab resolutions as long as the Arab countries themselves do not respect their commitment to the resolutions. All countries of the world, excluding the United States and Israel, approve of the Arab peace plan. But this international consensus has no effective value unless the Arabs move seriously, and they have not done so thus far. We, on our part, cannot achieve any tangible progress until some Arabs respect their signature on the Fes resolutions and exert efforts to implement them with all the means available to them.

Answer to Stagnation

[Question] Does this mean that you are waiting for the Arab situation to improve so that you may move diplomatically?

[Answer] Not at all, else we would have to wait a long time. We are answering the Arab stagnation by intensifying our movements and our contacts in the international arena. Currently, we are focusing our efforts on the eight-member committee emanating from the nonaligned countries conference. This committee has met several times, once at the level of ministers of foreign affairs. It still continues its efforts with the Western countries to persuade them to give effective support to the UN General Assembly's plan to hold an international conference for comprehensive peace in the Middle East. These efforts have not ceased and will continue. However, they are facing several obstacles, the most significant being the United States' decisive rejection of the idea of holding an international conference for

comprehensive peace in the area on the pretext that such a conference will be an arena for propaganda, nothing more. We say in reply to this U.S. position that when brother Yasir 'Arafat proposed holding such a conference, he did not mean to organize a speech rally but to gather all the parties to the dispute in the area around the negotiations table and that brother 'Arafat, out of his sense of seriousness, suggested that the United States and the Soviet Union take part in the conference because we consider the presence of these two states a basic element in reaching any just and lasting settlement. However, the United States persists in its rejection of this idea and of every proposal aimed at reaching a comprehensive solution. This rejection is in line with the U.S. policy which seeks constantly to impose partial and bilateral agreements similar to the Camp David accord between Egypt and Israel and the 17 May 1983 accord between Lebanon and Israel, thus avoiding the crux of the conflict--the Palestinian issue--and denying the existence and rights of the Palestinian people, which have been recognized by all countries of the world with the exception of the United States and Israel.

International Consensus

[Question] Do you think that it is possible, in the foreseeable future, that the Security Council will call for the convocation of this international conference?

[Answer] There is international consensus on the idea. But as I have already noted, the United States rejects it. This makes the European countries say that circumstances are not conducive to holding this conference at present and that it is better to move deliberately. We insist that this international conference is the only inlet to the comprehensive solution. We hope that our ceaseless and persistent effort and the accumulation of the small gains we make will lead to our achieving the big gain one day.

[Question] But do you not think that the given facts will change if the wait gets to be long?

[Answer] Of course. Time is not passing in our favor but rather in favor of the Zionist settlement movement. Judaization of the Arab land in Palestine is moving at an ever-faster and unprecedented pace. The Arabs act as if time is in their favor. We as a liberation organization cannot do more than we are doing at present.

People at Home

[Question] Why do you not escalate the steadfastness of the people at home [in the West Bank and Gaza]?

[Answer] Supporting the steadfastness of our people at home is one of the most important responsibilities facing us. But how can we support their steadfastness when most of the Arab countries do not pay us the sums they had pledged to pay at a previous Arab summit? They are sums allocated, as is well known, for bolstering the position of our people at home. Yes, escalating the steadfastness at home requires enormous sums of money because the balance of forces on the ground is like an eye facing an awl. The legendary heroism displayed by our people is not enough on its own.

[Question] How have the military operations carried out inside Israel in the past few months affected your diplomatic activity?

[Answer] There is no doubt that these operations have had a negative impact because the enemy has been able to depict them as terrorist acts aimed at killing civilians, nothing else. But it is the right of the Palestinian to resist the occupation with the means he deems fit, including armed struggle. The UN General Assembly has acknowledged this right of the Palestinian people.

[Question] Have the inter-Palestinian conflicts affected the PLO's position in the United Nations?

[Answer] No, I do not think so. When the Security Council met and decided unanimously to provide us with protection to take our leadership and our fighters out of Tripoli, it confirmed that it considers the PLO a serious organization and that it deals with it on the basis that it is the Palestinian people's legitimate representative.

[Question] What, specifically, do you want from the Arab states in this phase?

[Answer] What is required of the Arabs is for them to meet within the framework of an Arab summit as soon as possible to evaluate what has happened and what they have done since the Fes summit and to make a decision on the proper steps for the coming phase.

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'ARAFAT SAID TO BE REGAINING HIS LEADERSHIP OF PLO

London AL-MAJALLAH in Arabic No 224, 26 May-1 Jun 84 pp 10-11

[Article: "Major Relaxation in Relations With Syria; Rif'at al-Asad's Secret Contacts With 'Arafat; Palestinian Factions Trying to Delay National Council While Waiting for Differences With Damascus to Be Settled"]

[Text] The 9th of May 1984 was the first anniversary of the breakaway movement in the Palestinian resistance. This movement started, as is well known, with a military insurgency led by Col Muhammad Musa Maraghah (Abu Musa) in the al-Biqa' area of Lebanon and ended with the famous developments which climaxed in the Tripoli war and with the ouster of the PLO forces from Lebanese territories.

The measure of whether this dissident movement has failed or succeeded is indicated by the fact that the movement's first anniversary has come while Palestinian leader Yasir 'Arafat is regaining his full strength in the Palestinian arena and while the Palestinian situation is undergoing a number of developments, all of which are in the interest of the PLO and of the legitimate Palestinian leadership.

While the dissidents were celebrating the anniversary of their movement in Damascus, the guns were being fired in China to greet Abu 'Ammar's arrival and to reaffirm that he was being received in this major power as a head of state and that his international status remains strong and undisputed.

Palestinian Official in Damascus

Meanwhile, a new development has emerged in the Palestinian-Syrian dialogue and this development has been reinforced by the previous convictions that Palestinian-Syrian reconciliation is not impossible and that imminent meetings will take place at the top levels between the Palestinian and Syrian leaderships.

According to information available to AL-MAJALLAH, 'Abbas Zaki, a member of the Fatah Revolutionary Council and the director of the PLO Office in Aden, who is playing a major role in the dialogue between the Palestinian factions, has recently made a secret visit to Damascus during which he met with Dr Rif'at al-Asad, the Syrian vice president for defense and security affairs,

and a number of other Syrian officials. The information indicates that the discussion during the meeting focused on practical and executive steps to move the Palestinian-Syrian relations from the freeze phase to the phase of agreement over all the disputed issues.

The information also indicates that the Syrian side has welcomed this new development and that it was agreed that Syria will soon take the initiative to direct an invitation to Fatah's Central Committee. The Palestinian side has welcomed this trend and has notified the Syrian capital that it supports any step that ends the previous disagreements and defines the features of the new relations that "must be founded on the basis of mutual respect and of non-intervention in internal affairs."

It seems that this development will not end at these limits. According to AL-MAJALLAH's information, the contacts between the two sides continue and a new meeting at a higher level will take place in the next few weeks.

It is worth noting here that the Soviet Union has been engaged for a long time in ceaseless efforts to mend the Syrian-Palestinian rift. It is certain that the Soviet officials notified Dr George Habash, the general secretary of the Popular Front for the Liberation of Palestine, during his latest visit to Moscow of the need to abandon his previous positions on rejecting any meeting with Abu 'Ammar. Moreover, the normalization of Syrian-Palestinian relations was a main item on the agenda of the visit made to Moscow by a Fatah delegation led by Salah Khalaf (Abu Iyad) on the 16th of this month.

In another respect, it does not seem coincidental that the first anniversary of the dissident movement comes at a time when this movement's leaders are following with extreme bitterness the return of one of the movement's main officials to the Palestinian legitimate authority. Ribhi 'Awad, the ex-director of the PLO Office in Finland, a member of the Fatah Revolutionary Council and the brother of Abu Akram--one of the top leaders of the dissident movement--left Damascus in the first week of this month on the pretext of planning to carry out a mission in the interest of the dissident movement in the Arab Gulf area. But upon leaving Damascus, he headed for Tunis directly and declared his commitment to 'Arafat's leadership and his abandonment of his previous positions.

Algiers Dialogue Is Definite Success

As for the internal Palestinian situation, the Palestinian sources point out that the inter-Palestinian dialogue, which is supposed to have been resumed on the 12th of this month, has made long strides in the direction of success and that the expected meeting between 'Arafat and the leaders of the main Palestinian factions has become imminent and may take place within a few weeks.

The source note that this new round of talks has been preceded by bilateral meetings between Fatah on the one side and the Popular and Democratic Fronts and the Communist Party on the other and that these meetings have produced

written agreements on the main issues in the Palestinian arena. Therefore, it has become certain that the new round of talks will produce an agreement on convening the Palestinian National Council, on dealing with Abu 'Ammar's visit to Cairo and on reuniting the forces enrolled under the banner of the PLO.

It seems that the other factions are trying to delay convocation of the National Council until the Syrian-Palestinian differences are resolved whereas the Fatah Movement is pushing in the direction of convening this council at the earliest opportunity possible for fear that the legitimate Palestinian leadership may encounter unexpected and unanticipated possibilities.

According to Palestinian sources, the said bilateral meetings, in which Nayif Hawatimah, the Democratic Front secretary general, participated on behalf of his front and the main leaderships of the Popular Front and the Palestinian Communist Party participated on behalf of their organizations, have produced initial agreement to convene the Palestine National Council next July. But other Palestinian sources find it more likely that the council will convene at the beginning of next September.

Insofar as Abu 'Ammar's visit to Cairo is concerned, it seems that the plan is to leave the matter open to the next Palestine National Council to make its decision on it and to be content at present with the agreement on a provision to be included in the political communique to be issued on the Algiers talks--a provision stressing the condemnation of any deviation from the resolutions of the National Council.

As a first step toward a Palestinian summit meeting that ends the estrangement between Abu 'Ammar and both Habash and Hawatimah, the Palestinian circles are talking of the possibility of forming a joint delegation of the Popular and Democratic Fronts, although at the second leadership level, to visit Tunis and meet with 'Arafat to set the date for the said Palestinian summit.

What strengthens the hope in the possibility of ending the inter-Palestinian differences is that the Palestine Liberation Front, whose organizational structure was shaken by last year's developments, has begun to regain its unity. In this regard one can point to the meeting held recently in Sofia (the capital of Bulgaria) between Tal'at Ya'qub, the front's secretary general, and Abu al-'Abbas, the number two men in this front. It is to be noted that a third current, led by 'Abd-al-Fattah Ghanim, had split from this front a few months ago and joined the coalition including the dissidents, al-Sa'iqah Organization and the Palestinian Popular Struggle Front. This coalition is led by Ahmad Jibril, the secretary general of the Popular Front-General Command.

The question of who is to represent the Palestine Liberation Front was the subject of disagreement in the recent Palestinian dialogue and meetings because Fatah Movement insists on the need for Abu al-'Abbas to participate along with Tal'at Ya'qub in any official meetings whereas the other factions insist that the latter is the only man representing this front.

One of the subjects of disagreement in the previous meetings was the demand by the Popular and Democratic Fronts that Syria, like Algiers and Aden, be included as a participant in the efforts to unify the Palestinian position. But Fatah refused the demand and insisted that this step must take place after an end is put to the Syrian-Palestinian differences.

Isolation of Dissidents

One of the accomplishments achieved by the Fatah Movement is that the Algiers meetings have resulted, among other things, in excluding the dissident movement from any Palestinian meeting or coalition, whether within the framework of the National Council or in the other Palestinian leadership positions. Agreement has been reached between Fatah and the Popular and Democratic Fronts that the question of whether to consider the dissidents a new Palestinian faction or not is the responsibility of the next session of the Palestine National Council. As for the other factions and for determining the [position of the] Popular Front-General Command and of al-Sa'iqah Organization, these two fronts have tried to maintain their previous positions in the Palestinian frameworks as of now but Fatah, which does not oppose the participation of these two organizations in the Palestine National Council, prefers to leave the decision on forming the new Executive Committee until the disagreement with Syria is ended.

In the light of all these developments, it is certain that Abu 'Ammar, a year after the inception of the dissident movement which was aimed against his leadership primarily, has regained his previous strength and has put the ball in the others' court. This position was bolstered after settlement of the differences which raged in Fatah's Central Committee in the wake of his visit to Cairo.

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BRIEFS

ERITREAN SECESSIONISTS—QATAR'S campaign to help the Eritrean secessionists in their battle against Ethiopia's marxist rulers is in full swing. As representatives of the Eritrean Liberation Front met with Qatar officials the Ministry of Social Affairs, in cooperation with the Qatari Red Crescent-Society, this week started a campaign to raise funds for the Eritrean people's struggle. The moves come in the wake of an appeal by Arab States to the freedom fighters to sink their differences and unite in common cause. Recently about 300 delegates attended a congress held by the Eritrean Liberation Front-Popular Liberation Forces (ELF-PLF), one of at least four mutually suspicious groups fighting for Eritrea's independence from Ethiopia. The Congress, the first for seven years, was called to endorse recent Arab-inspired unity moves to turn the tide in the war against Ethiopia's Soviet-backed army. But many Eritrean officials cautioned that the prospect of a united guerrilla organisation was still some way off. [Text] [Doha DAILY GULF TIMES in English 17 Jun 84 p 6]

CSO: 4400/288

AGRICULTURAL DEVELOPMENT, PLANS DISCUSSED

Agriculture's General Importance Asserted

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 113

[Article: "Agriculture in Saudi Arabia"]

[Text] Agriculture in Saudi Arabia these days is arousing the interest of observers because it has managed to accomplish achievements which, in past years, people doubted the possibility of. For example, Saudi Arabia has managed to achieve self-sufficiency in the production of wheat, vegetables, milk and dairy products, poultry meat, and eggs. This has enabled Saudi Arabia to close a large part of its food gap which existed and has enabled the nation to achieve a minimum of security in terms of its food supply.

It might be premature to present an analysis of Saudi agriculture, but the fact is that the problem of achieving a secure food supply in the Arab world is something which has already reached the crisis point. This year's food imports by the nations of the Arab world are estimated as totalling more than \$35 billion. This is money which the Arabs need in order to develop other aspects of their economies and to solve their many social problems. Furthermore, according to statistics mentioned in the Consolidated Arab Economic Report which was compiled by the Arab development funds, the Arabs' food bill will total about \$90 billion by the end of this century.

Saudi Arabia has paid a high price for the development of its agricultural sector. It has provided unlimited subsidies to its farmers, and these subsidies have involved such activities as land reclamation, the provision of water for farmlands, and furnishing seed, animals, and fertilizers at very low nominal prices. We should also not forget that the Saudi government is buying the farmers' wheat crop at prices which are six times as high as the prices on the world market. In view of this situation, the U.S. suggested that Saudi Arabia import U.S. wheat so that it would not have to plant its own wheat. In reply to this suggestion, Saudi Arabia, via Shaykh 'Abd-al-Rahman Al al-Shaykh, its minister of agriculture, proposed that the U.S. import Saudi oil so that it would no longer have to look for alternative sources of energy. These two above-mentioned suggestions have been among the most important things discussed during the history of relations between the two nations, and they have provided Saudi agriculture with a national political

dimension as well as an economic dimension, and the premise of this dimension is that it is necessary for Saudi Arabia to diversify its sources of income.

The experts are divided into two camps concerning this matter:

One group of experts is of the opinion that there can only be limited agriculture in Saudi Arabia because its costs are so high. So far Saudi Arabia has spent more than 27 billion riyals on subsidies to the agricultural sector. Every year the Saudi government is obliged to provide large subsidies totalling more than 3 billion riyals. If these subsidies stop, will the agriculture also stop?

The second group of experts is of the opinion that it is more costly for a nation to depend on importing its food requirements from abroad than it is to develop its own agricultural sector. They also feel that, since the world will be having a food crisis in the future in view of its alarming increase in population, it is not unlikely that the food bill some day will be just as high as the oil revenues--not to mention the political price exacted by the food-exporting nations from the food-importing nations, especially if they are oil-exporting nations.

Saudi officials, including the minister of agriculture and the agricultural experts, are in agreement that the subsidies provided by the government to the agricultural sector should be given in proper dosages in view of the new situation which prevails. However, these officials are not in favor of eliminating the subsidies because this is something which would have social consequences in addition to affecting the agricultural sector and the possibility of Saudi Arabia achieving a secure food supply. If aid, loans, and subsidies were not provided to the farmers, Saudi Arabia would then be faced with a migration of farmers to the cities and would be unable to deal with this problem--a problem which other developing nations are unable to deal with. There is no doubt that migration to the cities is something which is very costly. In fact, its cost has been more than the total in subsidies which the agricultural sector has received. Every person who migrates from a rural area to a city needs a job, and experience has shown that the only jobs which can be provided to such persons are government jobs.

Nevertheless, Saudi agriculture has begun to suffer from some real problems. Sources of water are very limited, and some of them have begun to either become scarce or they are increasing in salt content. We can understand the dimensions of the problem if we realize that a large percentage of Saudi Arabia's water resources consists of ground water reserves which are not renewable.

Saudi officials say that the policy of agricultural development which has the objective of expanding the nation's total agricultural land area to the point where it amounts to 900,000 hectares is a policy which should also continue to move in the direction of creating new sources of water. Some experts are in favor of the idea of putting up dams which would hold rainwater in reserve which could then be used to feed wells, whereas other experts are in favor of utilizing solar energy to desalinize seawater and water from ground wells

which are high in salt content. Still others are in favor of utilizing plants and seeds which can tolerate high salt content. The search for solutions to the problem is still in its initial stages, but there is agreement about the fact that it is necessary to rationalize and modernize means of irrigation in order to economize water consumption.

The agricultural sector is already of great importance. The second agricultural fair which was held in Riyadh recently was more like an agricultural festival. It was visited by many officials, economists, experts, and ordinary farmers. This fact leads us to believe that agriculture is something which has become like a hobby for Saudi citizens rather than being merely a source of their livelihood.

A total of 500 Saudis and foreigners participated in the fair, and 15 different nations also participated in it. The fair not only exhibited the most modern of agricultural equipment, implements, and technology utilized in the field of agriculture and irrigation, but also exhibited what is utilized in the area of producing meat, milk, and eggs. There was particular interest in advanced means of irrigation such as those used in the trickle irrigation and pivotal irrigation systems. However, the most important remark for us to make is the fact that the ordinary Saudi farmers have been able to easily assimilate all of this technology.

Government Subsidies Justified

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 pp 114-115

[Interview with Prince Muqrin ibn 'Abd-al-'Aziz, governor of Ha'il and chairman of the board of the Ha'il Agricultural Development Company: "The Governor of Ha'il Says: 'Agriculture Is One of the Pillars of Saudi Development'"; date and place of interview not specified]

[Text] We have a variety of options for dealing with marketing and water problems.

The province of Ha'il is considered to be one of the most important agricultural regions in Saudi Arabia. During the past few years it has undergone rapid and intensive development, both in terms of the number of farms there and in terms of the involvement of the greatest possible number of inhabitants who basically depend upon agriculture and benefit from the modernization taking place in this sector. During the last 3 years, the province of Ha'il's Agricultural Affairs Directorate has proposed to the Ministry of Agriculture the implementation of 1,000 projects, and so far 90 of them have been approved. In addition to this, there are about 40 different projects for settling the Bedouins. Each project involves the distribution of up to 600 plots of land to them, in addition to the provision of all types of necessary services such as electricity, education, medical care, and transportation services.

AL-IQTISAD WA AL-A'MAL interviewed Prince Muqrin ibn 'Abd-al-'Aziz, the governor of the province of Ha'il and chairman of the board of the Ha'il Agricultural Development Company, and the interview went as follows:

[Question] In your opinion, what are the most important areas of agricultural investment in Saudi Arabia?

[Answer] First of all I would like to point out that agriculture is more than just wheat. In fact, agriculture is involved in all of the products which furnish human beings with proteins. But according to presently-available data, particularly data relating to government subsidies, wheat remains the most profitable area of agriculture. This is why Saudi capital has basically been channeled toward the planting of wheat during the last few years. Now, however, we have seen the emergence of a real trend toward concentrating on other areas such as the planting of vegetables in greenhouses and animal production--with the latter area achieving record production figures this year. Self-sufficiency has been achieved in the case of a number of products. I feel that the farmers should now begin orienting their activity toward areas other than that of planting wheat. In saying this, however, I am not attempting to minimize the importance of our wheat crop. We have come to the point where we have produced huge quantities of wheat--wheat which is both in excess of our needs and wheat whose quality is equal to that of the best wheat found in the world. This is not something which occurred accidentally or because of our importing of knowledge and technology from abroad. It is something that we achieved by means of conducting numerous experiments, expending great efforts, and learning from our mistakes. In fact, one could say that it was a great school which was attended by our Saudi citizens of their own free will. They have managed to gain experience and accumulate important expertise, without it costing them anything. In fact, some of the experiments which were failures and which led to corrections being made ended up enabling the persons involved to make a profit at the same time. However, the time will certainly come when it will no longer be possible for us to continue to conduct experiments which are failures and make a profit at the same time.

It could be said that any agricultural project in any area is one that will be profitable in Saudi Arabia if the proper management expertise is available for it. Our people have already attained a high standard of living, and it is no longer possible for them to accept a lowering of this living standard. As a result of this, our people are anxious to obtain the best products, even though they might have to pay a high price for them. The fact that we have such consumers with money and the willingness to buy the products is something which guarantees the success of any project.

[Question] To what extent do you believe that some crops such as wheat, which are based on heavy government subsidies, can survive either with smaller subsidies or without subsidies at all?

[Answer] I am not in a position of responsibility as far as the agricultural sector is concerned. Nevertheless, I would like to point out the fact that government subsidies of wheat in Saudi Arabia are something which has been misunderstood and the facts and repercussions concerning subsidizing wheat have been inflated and exaggerated--even though this occurred on the basis of different premises. Maintaining the subsidies at their current levels or

reducing these subsidies in the future is something which falls within the framework of an integrated agricultural development policy, and consequently it is something which cannot be subjected to sudden changes. In fact, all of this makes me wonder why the subsidizing of wheat in Saudi Arabia is being so heavily criticized, whereas this is something which is accepted in other more advanced nations--where numerous commodities and products are subsidized. In any case, in Saudi Arabia government subsidies are considered to be one of many various means or ways of encouraging our citizens to enter the agricultural sector since this policy guarantees that their products will be profitably marketed. At the same time it is true that the profitability of an enterprise as well as the guarantee of such an enterprise's survival and development depend on the quality and quantity of its production and on its orientation toward planting other crops--as we have already said. An example of this is the fact that production in the fields run by the Ha'il Agricultural Development Company last year totalled 8 tons per hectare, whereas production in some other enterprises were only 3 tons per hectare. This indicates the fact that increasing production efficiency is something that will directly affect costs and is something which will be regarded as being the first step on the road toward the realization of economic profitability for any project. This allows us to expect the planting of wheat to remain a profitable undertaking and to survive in the future even if government subsidies are far lower--if all the factors which affect price levels are kept in mind and if one acts accordingly. The fact is that any enterprise which possesses a minimum of the basic elements of sound management is an enterprise which will be able to cover its costs in record time.

The Water Problem

[Question] What is your assessment of the effect of agricultural expansion on Saudi Arabia's relatively limited sources of water?

[Answer] When the government decided to initiate the implementation of the agricultural development plan, it undertook initial studies of the water resources. As a result of the success that was achieved and the expansion that was called for as a consequence of this, the government took it upon itself to initiate a comprehensive plan for surveying water resources in order to discover the volume and quality of our ground water reserves as well as to discover the sources which feed these ground water reserves. This was done in the case of each individual ground water formation. It turned out that each formation had its own particular characteristics. The strange thing is that there are some people who say that a problem with regard to a lack of water resources has emerged when in fact they have no real data about the situation to prove this. They are basing this view on some partial indicators of the lowering of the water level in some wells or increases in the depth that one needs to dig in the ground in order to obtain water in certain regions. These are negative indicators, but there are numerous positive indicators which offset them. When large-scale pumping operations are undertaken, naturally some lowering of the water level in wells takes place, but this occurs only right after the agricultural season. This is what happened with us. The water level did go down 2 meters, but when the

pumping operations stopped, the water level rose 3 meters--that is, to a level which was 1 meter higher than it was originally. What is the explanation for this? There are also other cases which indicate that our ground water reserves are huge and they raise some questions in our minds. For example, in the case of one well in Ha'il we gave permission for digging to be done down to the 500-meter level. However, at the 300-meter level we unexpectedly ran into a swiftly-moving underground river, the current of which we could not stop no matter what means we employed when attempting to do so. The question here is: Where does this underground river come from, and where does it go to?

A matter such as this cannot be discussed or dealt with on the basis of superficial indicators. The only proper way to approach such a matter is on the basis of the results of current studies. In any case, the important thing in all of this is the fact that our available sources of water--praise be to God--are sufficient for us to push forward with our agricultural development. If some problems emerge in the future, we will have the means to deal with them. This is particularly true since the problem of available water resources is not a problem which is limited to a particular country. In fact, this is almost a universal problem which many nations suffer from. The research and experiments which are going on in many areas have furnished, and will continue to furnish, the necessary solutions for us to deal with any problem.

We can safely say that our successful agricultural program will continue and will expand, and we have numerous options for developing our water resources and providing the necessary quantities of water in order to expand our agriculture.

[Question] How has the GCC organization affected the agricultural sector in the GCC member nations?

[Answer] I believe that economic factors are playing a decisive role in the consolidation of the GCC experiment. In the realm of agriculture there are many areas of cooperation among the GCC member nations. The most important of these realms of cooperation is the effort to increase our self-reliance in terms of providing for our food requirements by means of giving priority to products originating in the Gulf area which are on a level with, and are competitive with in terms of price, products from foreign countries. There is nothing wrong when, during the initial stages, governments subsidize these products and thereby assume the burden for paying the small differences in prices--especially if comparable foreign products are being subsidized by the governments of the countries where they are produced.

Another important realm is that of the private sector entering into joint agricultural projects in the GCC nations. In fact, the agricultural sector has become an area which is just as profitable in terms of investment as any of the other traditional areas.

[Question] How has the recession affected the growth of the agricultural sector?

[Answer] We are a part of this world which is suffering from a sharp recession, and it is inevitable that we should be affected by it. It is also inevitable that we should be affected by the economic revival, some of the indicators of which have begun to emerge in the industrial nations. However, it may be said that the Saudi agricultural sector has not been noticeably or directly affected by this situation. The reason is that the Saudi agricultural sector is a relatively recent area of economic activity. Furthermore, our agricultural sector enjoys government support and encouragement on a number of levels. We note that most of our large-scale agricultural projects were established during the recession period. In addition to this, new projects are being established right now and existing projects are being expanded. This also includes projects involving the creation of research centers, the profitable return from which is characteristically small and slow in coming.

At our farm here we have set up an advanced research station which is equipped with the most modern computers. This is a step along the road toward modernizing our agriculture on scientific bases, and this includes conducting experiments with soil, plants, and water in order to come up with the necessary sound solutions to any problem which we might encounter. The results of our research will be put at the disposal of the small-scale farmers.

Subsidies, Water, Marketing Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 pp 116-119

[Interview with Shaykh Salih al-Tu'aymi, secretary general of the Riyadh Chamber of Commerce and Industry; and Dr Mansur Aba Husayn, Sulayman al-Sani', 'Abd-al-Rahman al-Qadi, 'Abd-al-Rahman al-Kharif, 'Abd-al-Latif Al al-Shaykh, 'Abdallah Abu-Niyan, and 'Abdallah al-Namir, high officials active in the agricultural sector--all of whom are members of the Riyadh Chamber of Commerce and Industry's Agricultural Committee: "AL-IQTISAD WA AL-A'MAL Holds a Symposium with the Members of the Riyadh Chamber of Commerce's Agricultural Committee"; date and place of interview not specified]

[Text] Government wheat subsidies have created a fundamental structure for the entire agricultural sector.

Water is no obstacle, but its consumption should be controlled and we should seek alternative sources.

Interest in marketing will be a natural result of the growth and development of production.

During the symposium which was organized in cooperation with the Riyadh Chamber of Commerce and Industry, AL-IQTISAD WA AL-A'MAL met with the members of the Chamber of Commerce's Agricultural Committee. The membership of the committee includes Shaykh Salih al-Tu'aymi, secretary general of the Riyadh Chamber of Commerce and Industry, and Dr Mansur Aba Husayn, Sulayman al-Sani', 'Abd-al-Rahman al-Qadi, 'Abd-al-Rahman al-Kharif, 'Abd-al-Latif Al al-Shaykh,

'Abdallah Abu-Niyan, and 'Abdallah al-Namir, high officials active in the agricultural sector. The symposium focused on three main areas. The first was that of government subsidies for the agricultural sector, the capability on the part of some agricultural crops of surviving without these subsidies, and the role played by the private sector in this matter. The second main topic was that of the water problem, and the third topic dealt with was the marketing and processing of agricultural products--an aspect of the agricultural sector which has not yet received the proper attention.

AL-IQTISAD WA AL-A'MAL: If it is all right with all of you, let us have the first topic of our symposium be the role of government subsidies in the process of agricultural development in general. It appears that this role has been a principal one in the creation of a developed infrastructure for the private sector. The creation of this infrastructure is something which is considered to be the most difficult and costly operation as far as agriculture in Saudi Arabia is concerned. In view of this fact, what responsibility should the Saudi private sector have in developing agriculture?

Dr Aba Husayn: There is no doubt that the chief element of development in Saudi Arabia is the Saudi people themselves. This is why government subsidies, in their various forms, are provided to numerous sectors such as industry, services, and even some imported food products. Thus government aid to agriculture should be viewed from this comprehensive point of view. The objective has been to participate or create suitable conditions for the achievement of agricultural development and to involve the broadest possible sector of businessmen in it by means of having the government assume part of the huge costs during the initial stages. There has been a number of reasons for the government concentrating its aid and interest on wheat. The most important of these reasons has been the fact that it is easy to control the production and marketing process which is linked to the aid, as well as the fact that it is extremely important to achieve self-sufficiency in this strategic crop. At the same time, planting wheat is something which requires the reclamation and preparation of large land areas. Achieving this, in turn, means attaining a basic objective--the creation of conditions for overall agricultural development.

With regard to the possibility of reducing or eliminating government subsidies for wheat, it is my belief that this would not result in the disappearance of this crop. I feel this way, first of all, because the planting of wheat by now has come to possess the prerequisites to continue to develop as an activity on purely commercial bases. Secondly, I think that the government cannot undertake any step which would lead to bringing about the failure of an important undertaking such as this which it considers to be one of the basic elements of its economic development. I do, however, expect subsidies to take on different directions as far as new commodities and products are concerned. This is something which will guarantee the expansion of the framework of agricultural development which continues to rely on the private sector as its principal engine of economic activity.

Mr Al al-Shaykh: Government subsidies are a normal initiative undertaken by any government in order to develop a given sector or channel investments into

such a sector. A government does this in order to create financial incentives which will guarantee that the private sector be attracted to this economic activity and will guarantee that the capacities of the private sector are mobilized and utilized within the framework of an integrated development plan. The rapid development which is being experienced by the agricultural sector in Saudi Arabia is something which demonstrates the benefit of this policy.

I expect that any changes in the volume and orientation of government aid will not depart from the general policy--which is that of continuing to provide an impetus for the process of agricultural development so that all sectors are included.

AL-IQTISAD WA AL-A'MAL: In your opinion, what factors can guarantee the survival of these government-subsidized crops when subsidies for them are either reduced or eliminated?

Mr al-Qadi: There is no doubt that the survival of the wheat crop does depend on continuing the subsidies, although this might be done in a different form. We should bear in mind the fact that these subsidies have led to tremendous results in a short period of time. The subsidies must continue, particularly since a large number of investors have already invested huge amounts of capital in this area with the understanding that subsidies be provided. If these subsidies are stopped before these investors get a return on their investment, this will lead to people suffering from financial disasters. This is true not only of those persons who have invested in agriculture. It will also apply to persons who have invested in the field of providing various services to the wheat farmers. Perhaps it would be well for us to point out that government subsidies for planting wheat are not merely expenditures which benefit only the farmers. They constitute government investments which lead to employment for people in numerous sectors such as maintenance and operations, transportation and services, contracting, and buying and selling equipment, machinery, spare parts, fertilizers, seed, and insecticides. All of this is in addition to the strategic objectives which are attained through these investments.

Mr al-Sani': This discussion concerning the possibility of reducing the subsidies would not have been brought up at all if it were not for the general belief that most of the objectives have already been achieved. The most important of these objectives has been that of encouraging Saudi citizens to enter the agricultural sector--with them being provided with sufficient guarantees that they would earn a reasonable profit. As we see right now, this has led to the considerable agricultural development which no one expected to take place. This being true, any well-thought-out reduction in the subsidies within the framework of an integrated plan--the type of approach we have come to expect from our government--would serve to provide a new incentive for the Saudi private sector to further develop Saudi agriculture and overcome the gaps that remain in the management, planning, or methods of financing which have been possible to ignore, since large subsidies have been provided, without this greatly affecting the profitability of a given enterprise.

Mr Abu-Niyan: I believe that the presently-existing companies which have been able to continue their production and expansion will be able to deal with all eventualities in the future such as a reduction in the subsidies or their elimination. However, the companies which will be established after this takes place will no doubt encounter some difficulties. This may require that the government provide some special subsidies to them in order to enable them to successfully pass through their difficult initial stages. I am of the opinion that the government will never stop providing subsidies. More than likely these subsidies to large companies possessing real financial capability will decrease, but I believe that these subsidies, in various forms, will continue to be provided to small-scale farmers.

Shaykh al-Tu'aymi: I feel that aid provided in the form of purchasing wheat at incentive prices is something which has already achieved its objective--this objective being the accomplishment of overall agricultural development. However, I also believe that agricultural projects will not be able to survive without government subsidies. The question is: How large should this aid be, should this aid be reduced, and when should the aid be reduced and to what degrees? As for totally eliminating these subsidies, I believe that this is most unlikely, particularly after the important successes which have been achieved by the policy of subsidies in a number of areas. Perhaps the programming or rationing of government subsidies is something which would lead to consolidation of the achievements accomplished.

AL-IQTISAD WA AL-A'MAL: To what degree does the policy of diversifying agricultural production constitute an appropriate solution and, at the same time, a method of consolidating Saudi agriculture after the basic thrust has been focused on wheat production? What, in your opinions, are the most important and profitable areas which currently exist?

Shaykh al-Tu'aymi: This policy has actually already begun to be put into effect, although still within a narrow scope and although it still involves only large companies. The planting of vegetables and fruits is a profitable area for investment given the fact that vegetable production has been achieved on a large scale. In fact, we have managed to attain self-sufficiency in the case of some crops. I believe that the great increase in wheat production, which has provided Saudi Arabia with a wheat surplus, is something which constitutes an additional incentive for our farmers to begin to think about other crops--without this meaning that they will stop planting wheat. However, we should not remain content with this situation and should even make efforts to utilize existing means of production and the basic infrastructure elements of a project such as the soil, wells, roads, etc., which in practice constitute the fundamental necessary elements for producing other crops at lower cost. This can be done if the government does not decide to allocate part of its subsidies to other crops for the purpose of encouraging them to be planted--such as barley, for example, the importing of which is subsidized.

Mr Al al-Shaykh: We should mention the animal wealth sector which is considered to be one of the most profitable areas right now. Animal wealth production in Saudi Arabia has undergone a striking increase during the past

3 years. We have nearly reached the point of self-sufficiency in the case of a number of products such as meat, large quantities of which are imported, and the government is subsidizing meat production in order to provide meat to the consumers at appropriate prices.

Mr Abu-Niyan: We also have the production of fruits and vegetables in greenhouses, and this field is something which has undergone considerable expansion. The total area planted with such crops increased by about 50 hectares this year. This is a very large area in view of the large productivity per hectare in these greenhouses and in view of the fact that the greenhouses can be used for various crops throughout the year. This fact allows us to expect that, within a short time, we will achieve total self-sufficiency in this area.

The Water Problem

AL-IQTISAD WA AL-A'MAL: Let us now turn to another issue which is of great importance and concerning which some people perhaps have strong opinions--the water problem. People are saying that the expansion in agriculture may lead to exhausting our water resources which are basically limited, and that this consequently constitutes a great obstacle to plans for agricultural development. What are your views with regard to this issue? In your opinions, what are the options available either to avert the occurrence of a large-scale water shortage or to create the necessary alternative sources of water?

Dr Aba Husayn: The issue of water is one which is of ever-increasing concern, and ways are being sought which would guarantee that water is both properly used and conserved at the highest levels. The fact is that there are positive indicators to be noted in this regard such as the large-scale expansion in the utilization of modern irrigation equipment. This is something which is resulting in economizing half of the water which we would be consuming when utilizing traditional means of irrigation. This, in itself, constitutes one means of conserving water resources and thus helps to continue to provide the impetus for the process of agricultural development. As such, it is one of the given factors which allows us to feel reassured to some degree.

As for attempting to make a detailed assessment of the future of our sources of water in Saudi Arabia, this is something which is difficult in view of the fact that we have no available information and statistics which are accurate concerning the volume and nature of our ground water resources. This, however, does not necessarily mean that we do not have enough resources of this type. We notice, for example, that all of the reports issued by the specialized foreign firms have emphasized that a serious water shortage would take place if any expansion, however, slight, were undertaken. But now we see that, in spite of the huge expansion that has taken place, especially in the al-Ahsa' and Harad regions, no apparent water shortage has occurred which would serve to be a cause for alarm. Nevertheless, it is of course true that not all of the regions of Saudi Arabia are alike. A serious water shortage has occurred in some regions of the country, but this shortage has been dealt with by means of various approaches.

I believe that, if we control the utilization of water, we will have sufficient time to confront a shortage in our sources of water with the creation of solutions which will guarantee that we will be able to continue with the process of agricultural development. One thing which causes me to feel optimistic about this matter is the fact that the problem of water supply is not something which is limited to Saudi Arabia. In fact, this is a worldwide problem. This means that both the developing and advanced nations are equally concerned about finding the necessary solutions to this problem, and, in any case, there are many such solutions.

Shaykh al-Tu'aymi: In view of the fact that water resources in Saudi Arabia are limited and since it is, at the same time, necessary to pursue agricultural development, control of the utilization of water is something which acquires primary importance. In spite of the fact that Saudi Arabia has begun at the point where other nations have worked up to as far as irrigation technology is concerned, we should not be content with what has been achieved. The reason for this is that we still have ample room to reduce our consumption of water without this affecting our agricultural production. Another perhaps temporary solution is to make an effort to limit our planting of wheat since this is a crop which consumes huge quantities of water. This could be done particularly because the total area under wheat cultivation at the present time is sufficient, and in fact even exceeds Saudi Arabia's requirements.

Mr al-Sani': Since we have achieved such great accomplishments in the area of planting wheat, part of the solution to the water problem might be to channel investments into other areas which both provide a high return on investments and require little utilization of water. Poultry and livestock raising enterprises could be important areas and activities of this type. Furthermore, I do not believe that there will be a water problem in the long run in Saudi Arabia as far as supplying the agricultural sector with its water requirements is concerned because of the fact that we have a variety of options available to us which involve providing the necessary alternative sources of water and we have the capability of developing these alternative sources. Efforts in this direction have actually already begun in Saudi Arabia. Sewage water is being recycled and used in the establishment of green belts around the cities, intensive research is being conducted concerning crops which are able to utilize water with high salt content, and efforts are being made to increase our utilization of rainwater to feed our ground water reserves by means of building dams, etc.

Mr al-Qadi: The water problem is a source of anxiety to everyone who works with the land in Saudi Arabia. But we farmers are inclined to rely on the assurances provided by those in charge of our water supply who say that there is no need to be apprehensive about our ground water reserves when we expand our total land area under cultivation. One fact which I know is that Saudi Arabia is a nation which is divided into different regions. In some of these regions it is strictly forbidden to dig wells, in other regions it is permitted to dig wells to a certain extent, and in still other areas the land is divided up into small plots and the digging of wells and the cultivation of virgin land is encouraged. I personally am inclined toward the view of

linking agricultural incentives in the future to the ability of a project or a farmer to control utilization of water. In other words, the water should be assigned a certain value which is deducted from the total subsidy provided in accordance with well-thought-out schedules and this is an approach which should involve all the crops planted. Whenever water utilization increases, then the subsidy involved should be reduced, and so on.

Mr al-Namir: There is no doubt that the government, when it decided to launch the process of agricultural development, undertook this decision on the basis of an integrated plan in which the issue of water was an important aspect. This allows us to infer that there will be no problem which cannot be controlled. I say "infer" because we have no accurate data concerning the ground water reserves in Saudi Arabia. Nevertheless, it is up to our farmers and citizens in general and up to the companies active in the field of agriculture to bear in mind the fact that we live in a desert nation. Bearing this fact in mind necessarily means following two approaches--reducing water consumption by all means possible and participating, in one form or another, in the efforts to create new alternative sources of water.

Marketing and Processing

AL-IQTISAD WA AL-A'MAL: The great expansion which has been undergone in the process of our agricultural production so far has not been accompanied by an expansion of similar proportions in another aspect of this area which is no less important--marketing. What is your view concerning the activity engaged in by the Saudi firms in this area, how important do you consider the problem of marketing to be, and, finally, what are your views concerning the phase of the processing of agricultural products?

Shaykh al-Tu'aymi: One could say that marketing as a science and a technique is still far behind the rapid development which is taking place in the field of production. This is something which is true of most of our economic sectors, although the problem is more severe in the agricultural sector because of the fact that it is a new sector. Producers now have begun to focus their concern on marketing. This is something which is equally true of the producers of field crops, dairy products, meat, etc. Recently a number of options have been suggested, and one which has become a reality is a company, now in the stage of being established, which will engage in the marketing of all types of agricultural products.

Mr Al al-Shaykh: It should be pointed out that one of the main purposes of establishing the large existing firms was agricultural marketing. However, these companies still have not engaged in marketing in a serious and effective manner. Perhaps these firms will be capable of solving a large part of the problem, in view of the enormous capabilities which they have in a number of areas. If we look back a few years, we find that the industrial sector suffered from the same problem. However, the industrial sector overcame this problem partly because of the requirements and mechanisms of the market. What we need to bring about is some type of balance between local agricultural production and imported agricultural products in order to guarantee that there

be no surplus in the supply of given products in the market during one period nor a scarcity of these products during another period. It would not hurt to engage in a type of coordination among neighboring nations with regard to exchange of products in order that these nations supplement each other's needs.

Mr al-Qadi: This problem will encounter the necessary solutions as the need increases to market the products involved. This is what actually happened, for example, in the case of the dairy product producers who, early on, undertook to establish and develop the necessary market apparatus as a consequence of the emergence of competition to provide better services.

Mr Abu-Niyan: My opinion is that the increase in production will lead to the creation of advanced forms of controlling the supply of products and that this will replace the spot marketing process which is going on right now. This is something which will result in the earning of sufficient profits for those engaging in marketing. Large-scale and diversified production is a basic prerequisite for this. It is for this reason that we can now expect to see the emergence of serious attempts to engage in the field of marketing after seeing the consolidation of the trend toward diversifying agricultural production and not limiting it to wheat--a crop which does not suffer from marketing problems.

Mr al-Sani: The creation of marketing channels is something which will automatically result from an increase in production. The best proof of this fact is the experience of those engaging in poultry production. In past years, all of the poultry enterprises utilized primitive marketing methods. This then led to a real crisis in the poultry sector. This sector then had only one option before it--either it had to invest additional capital in its marketing efforts, or it could merely mark time and try to survive the severity of the crisis. The result was the actual establishment of large poultry-raising firms which utilize the most modern marketing methods within the framework of the concept of an integrated enterprise, and they are involved in incubation, raising poultry, slaughtering poultry, packaging the poultry and putting it in cold storage, and they are engaging in the activity of bringing their poultry products to the consumers--wherever they might be. The poultry sector was thus not only brilliantly successful in overcoming its crisis. It also succeeded in creating an additional impetus for the growth of this sector. In fact, we have succeeded in producing a surplus of poultry meat and eggs which are being exported to other countries.

In an effort to achieve more development, intensive contacts are now taking place between poultry raisers and poultry producers to create a single organization for the marketing of their products instead of having each individual enterprise create its own marketing apparatus. Such an organization could at first include only the large-scale producers, but then it could be opened up to all poultry producers after this establishment or organization has proven its worth.

Dr Aba Husayn: I would like to reaffirm one point which has been brought up by my colleagues here. It is the fact that the development of marketing methods is something which is linked to the existence of large-scale

high-quality production. Perhaps the development which is occurring in the field of production right now is something which allows us to view marketing from a new vantage point. There is no doubt that the credit which in the past was provided by the government for the construction of cold storage warehouses, for example, which were intended for imported products has ended up benefiting those producing local products and enabling any marketing activity to be based on a firm foundation of basic and already-existing facilities. At the same time, the local market has a large absorption capacity and this is something which will guarantee that any marketing enterprise will be profitable. For example, let us take the example of vegetables. Saudi Arabia used to import about 3 billion riyals worth of vegetables per year. Now, however, our local production is nearly sufficient for our needs. As a result of this, large-scale activity in this area is something which provides an enterprise with great possibilities of earning profits.

Shaykh al-Tu'aymi: The growth which the agricultural sector in Saudi Arabia generally has experienced has been so intensive and rapid that it has been difficult to integrate all of the complementary elements in it during this short period of time, in spite of the great importance of these elements. I believe that any effort such as this is something which will inevitably be accompanied by certain shortcomings. This is not something which is our fault. The fault instead lies with the fact that the development which has been undergone has been on such a large scale. But Saudi businessmen have clearly shown that they are capable of meeting the challenge and it will not be too long before we see sound solutions being found for the marketing problem.

AL-IQTISAD WA AL-A'MAL: As we know, between 50 and 60 percent of Saudi Arabia's population either depends on agriculture for its livelihood or is directly involved in this sector. To what degree do you believe that these people have been able to enter and adapt to the process of rapid development which is going on, especially in view of the existence of agricultural firms possessing great financial, technological, and administrative capabilities?

Mr al-Kharif: One can safely say that the development of the agricultural sector in Saudi Arabia basically has revolved around the Saudi people involved. The problem of settling the Bedouins has been overcome in record time, whereas in other nations the problem of settling nomads is considered to be a very difficult one. Our nomadic Bedouins have been transformed into farmers in the true sense of the word. They have taken the land granted to them by the government and turned it into arable land, and they have cultivated this land by means of the utilization of the most modern methods with the aid of government loans and subsidies. As a result, many agricultural towns have been established in the desert areas. Furthermore, if we take a look at the loans provided by the Agricultural Bank and if we look at the agricultural land holdings, we find that they have been distributed to a large sector of our population. This confirms the fact that our agricultural development has taken place with the participation of the largest possible sector of our population. Consequently, this development has been something which has contributed toward the consolidation of our policy of distributing the wealth.

Mr Abu-Niyan: At this point we should stress the fact that the large firms, in spite of their enormous capability, do not possess any actual privileges or priority rights which small-scale farmers are not able to obtain. This fact is attributable to the government aid which enables farmers to acquire the most modern equipment and thus enables them to run their enterprises in the most modern fashion.

Mr Al al-Shaykh: The objective of agricultural development in Saudi Arabia is to benefit, in particular, our humble citizens or small farmers. Perhaps the speed of the changes which are taking place in the agricultural sector has not allowed us to keep track of them in an accurate and scientific manner. But if we look directly at the available data, we can conclude that profound change has taken place in the lives of a very broad sector of our population, particularly the lives of people living in the desert areas and those who inhabit the agricultural regions.

Mr al-Sani': The large companies themselves are owned by average Saudi citizens rather than by a small number of people as is commonly believed. Tens of thousands of Saudi employees and small farmers own stock in these firms. Furthermore, any Saudi citizen may go to the Agricultural Bank and obtain a large loan from it--furnishing only his personal guarantee. As a result of this, agricultural development has not been limited merely to businessmen or people who are in a strong financial position. Also, the law that we have concerning the distribution of fallow land stipulates that priority be given to those inhabiting the area where the land is located.

Diversification of Agriculture Urged

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 120

[Article: "Dr 'Abd-al-'Aziz al-Dukhayyil, Chairman of the Board of the Arab Investment Company, Says: 'Agricultural Development Should Not Take Place at the Expense of Our Water Resources'"]

[Text] Mr 'Abd-al-'Aziz al-Dukhayyil, chairman of the board of the Saudi Banking Company and the Arab Investment Company, told us the following: "Agricultural development should not be limited merely to wheat, as is presently the case, or else our concept of development will become limited and will not contain the most important elements that it should. It might be true that the ultimate objective of our wheat-planting policy is the achievement of a secure food supply for ourselves. But this should not induce us to neglect other aspects which are just as important as this objective. They include the real price which is being paid in order to achieve this secure food supply--both the direct price which is the increase in costs and, more importantly, the indirect price which is the exhaustion of our water resources. The former problem is one which can be overcome and can be solved by the process of wealth distribution and by having the government subsidize the private sector and thereby induce it to enter the production sectors. The latter problem, however, represents a really serious problem since most of the water which we utilize comes from ground water sources which are not renewable. When one undertakes to assess this price that is being paid for

our wheat-planting policy, one is then able to compare it with alternative approaches designed to provide us with a secure food supply. We should also note the fact that expanding and concentrating on the planting of wheat has led to neglecting the real farmers who depend on agriculture as a basic source of their livelihood. These farmers find themselves more or less excluded from the process of modern agriculture which is being engaged in by either commercial firms or individuals who are new to the agricultural sector. These remarks of mine should not be interpreted as being an attempt to minimize the importance of the changes and achievements which have taken place. Instead they should be interpreted as a part of the process of assessing an important undertaking which inevitably would have some shortcomings that would have to be eliminated in order to guarantee that the undertaking continue in good form and develop. I believe that the large firms which have been established will constitute a positive phenomenon for our nation if they orient themselves toward expanding their base in order to include small-scale farmers in such a fashion as to induce these farmers to feel bound to their land and if they continue to expand in the new direction that has begun to emerge. The direction which I have in mind here is that of diversification of production and not relying solely on wheat.

"One could say that the wheat-growing enterprises in Saudi Arabia, in the future, will be viable and will no longer require government subsidies. These subsidies should be carefully and gradually reduced. My feeling is that the orientation toward diversification is one which should have been followed from the beginning. We still have the opportunity to make up for this deficiency, although this is the last chance to save the day."

Concerning the fact that the agricultural enterprises concentrate on production and do not give sufficient attention to marketing and the processing of agricultural products, Dr al-Dukhayyil said: "This problem could be considered to be one of the most important shortcomings that have accompanied our agricultural program. This might be the result of concentrating on growing wheat at a time when there was no marketing problem. But since it is vital and necessary that we adopt a policy of diversification of production, this problem becomes one which must immediately be addressed. This is true even though there is a difference in the severity of the problem between the small-scale farmers and the large companies which are able to create the necessary marketing channels for their products, thereby taking advantage of their mass production and their financial capabilities. But as far as the small-scale holdings are concerned, it is no exaggeration if I say that a failure to find adequate solutions for the marketing problem is something which will lead to dire consequences as far as the agricultural sector generally is concerned. I believe that it is necessary for the government to intervene--although I do not favor the government permanently subsidizing the private sector--and establish a joint-stock marketing company which would concentrate its activity on what is produced by the small-scale holdings.

"As for the processing of agricultural products--and this is an undertaking which complements marketing in the area involving the canning industry and preserving products which can also be sold in fresh form--this is an urgent matter, especially after production has reached levels which are in excess of

the local market requirements in the case of some crops and during certain seasons. However, as far as agricultural crops which are fundamentally processed are concerned, I believe that we have not yet reached this stage. We are setting our hopes on the large firms to do something in this area."

Concerning the trend toward establishing projects, by means of Saudi financing, in Arab nations which have large agricultural potential, Dr al-Dukhayyil said: "An investor is motivated first and foremost by the possibility of profit, whether this is inside or outside Saudi Arabia. This process is not so much a trend as it is a search for profitable investment opportunities. As we know, there is a lot of talk at meetings and interviews concerning participating in projects here and there. But the bottom line is how much money can be earned and whether or not the project will actually become a reality."

Private Sector's Participation Urged

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 121

[Article: "Sa'id 'Abd-al-Qadir, Owner of the al-Ahmadiyah Farms, Says: 'The Private Sector Is Being Asked to Shoulder Greater Responsibilities'"]

[Text] Mr Sa'id 'Abd-al-Qadir, owner of the al-Ahmadiyah Farms in al-Qasim, when speaking about the growing of wheat in Saudi Arabia, said the following: "Expansion in agriculture was one response on the part of our Saudi citizens to a government policy which coincided with the provision of material incentives to guarantee the success of any well-thought-out project. I entered this field, which I consider to be the field of investment which is the most profitable and solid among those currently available, after one of our nation's leaders had played a decisive and guiding role in this area by means of providing the necessary basic elements for the success of the project. The area of our project now totals 1,200 hectares, and in the beginning it totalled only 500 hectares. The farm includes 60,000 trees, grain silos, a rest house for guests, and housing for those who are employed in the project. Expansion of the project was financed directly so that we would not have to wait for a loan from the Agricultural Bank--something which requires some time to materialize. This enabled us to have a crop during the last season. Unfortunately, many of those who have entered the agricultural sector have totally relied on loans from the Agricultural Bank as well as government grants, and they have been unprepared when beginning their business. This has led to the emergence of problems in some of these projects, and they are problems which will only get worse whenever there is talk about reducing government subsidies for wheat. But wheat growing as a whole will not be affected by this because the government only embarked upon this whole undertaking after making detailed studies of the relevant facts and taking the measures necessary to guarantee its success. Although Saudi wheat is still costly to produce, what we have achieved is not something which is insignificant. We have achieved self-sufficiency, and we have even managed to produce some surplus wheat. More importantly, we have created a firm basis for the development of agriculture from here on out. I do not consider it unlikely that some day the growing of wheat in Saudi Arabia will be able to continue with government subsidies which will be far less than they are now."

Concerning Saudi Arabia's water problem, Mr 'Abd-al-Qadir said: "This should not be considered a problem because it has been studied within the framework of an integrated government plan. Although there are some water shortages in a number of regions, this is something which is only natural and occurs in all nations. This is not something which should be a cause for alarm or should cause us to doubt our capability of expanding our agriculture. This is particularly true since all farms are utilizing the most modern means of irrigation which save a great deal of water. Furthermore, expansion right now has begun in greenhouse farming, one characteristic of which is the fact that it consumes little water. We are striving to expand our greenhouse farming. We have already put up 20 greenhouses which cover a total area of 12,000 square meters, and some of them are the type that do not have soil. Although this type has not proven to be a total success, it is nevertheless true that this is something which depends on the utilization of large areas. Experimentation and research concerning this field is in full swing in Saudi Arabia in order that agricultural production be diversified, in order that we not rely only on one crop, and in order that we provide for our needs year round.

"I believe that it is of considerable importance to have the Saudi private sector shoulder greater responsibilities in the area of agriculture after the government has undertaken to provide the necessary base. The time has come for us to rely more on ourselves and to decrease the government's burden. Allow me to give one example of this. During the last agricultural season, our wheat crop was greatly damaged by the arrival of colder weather during the harvest period. But the project did not suffer and we did not ask for subsidies from the government because our enterprise is insured by the Scandinavian Insurance Company which undertook to cover all of our losses."

Concerning the possibility of Mr 'Abd-al-Qadir becoming involved in agricultural projects outside Saudi Arabia, he said: "This is going to be taking place within the framework of the GCC nations, and jointly-financed agricultural projects are going to be established. As for participation in projects in areas farther away, I do not believe that this is something which is necessary as long as there are profitable fields of investment available in Saudi Arabia and as long as there are so many obstacles and barriers present in the nations which have large agricultural potential."

Desalinization Industry Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 122

[Article: "Dr 'Adil Bushnaq, General Manager of the al-Kawthar Company, Says: "The National Desalinization Industry Has Proven Its Worth'"]

[Text] Dr 'Adil Bushnaq, general manager of the al-Kawthar Water Company, had the following to say when speaking about the water problem in Saudi Arabia: "We do not consider it unlikely that there will be a problem in the future because of the huge quantities of water consumed by agriculture. In 1980 a total of about 1.8 million cubic meters of water were consumed. This is equal

to about two-thirds of the total water consumption in the nation. All of this water which is being consumed comes from ground water reserves which are not renewable.

"This, of course, does not mean that we should stop engaging in agriculture. But it does mean that we should be concerned about coming up with a complete national plan concerning our water supply in order that we accurately determine what our sources of water are and the volume and type of ground water reserves which we have. The data currently available concerning these matters are still ambiguous and incomplete. After doing this, it will be possible for us to establish the plan necessary for optimum utilization of this precious source of wealth. In such a case there will be no harm if the amount of water we consume continues to be the same amount that we are consuming right now. This water consumption would then be within the framework of well-thought-out guidelines and within the framework of integrated and scheduled plans involving the creation of alternative sources of water and involving controlled consumption of the water resources that we currently have. Although Saudi Arabia is considered to be a very advanced nation in terms of proper utilization of water when compared with the other developing nations, it is nevertheless behind in this field when compared with the advanced industrial nations. In Japan, for example--a nation which has huge water resources--[the same quantity of] water is used more than seven times as a result of the fresh water requirements of each plant that is grown.

"In a desert country such as Saudi Arabia, it is necessary to deal with the water problem by following two policies. First of all, it is necessary to engage in optimum utilization of the water resources which are available, and secondly it is necessary to search for new sources of water.

"With regard to the first policy, what we can do is expand our utilization of advanced technology as far as our equipment and machinery are concerned. We could also plant crops which do not require such large quantities of water or crops which can be grown with water which is relatively high in salt content, and we can also expand our usage of recycled sewage water instead of dumping this sewage into the sea, as is done in the al-Ahsa' region. It would be cheaper to treat this water, which has a high salt content, than to engage in the desalinization of seawater. We could also expand our utilization of sewage water, after it has been treated, when we establish green belts around our cities.

"Concerning the second policy, I believe that, during the upcoming decade, the idea of bringing icebergs to the Middle East is one which will be both reasonable and feasible, although right now this is an idea which is not realistic. Furthermore, there is no doubt that the utilization of desalinized water in agriculture is an idea which we will be able to put into practice. This will be true because the firms which manufacture water desalinization equipment will find themselves impelled to develop the technology which is utilized in a direction which involves reducing costs. This will perhaps provide these firms with a market linked to agriculture which utilizes desalinized water after traditional areas of water utilization have been exhausted. Of course, reducing the costs of producing

desalinized water will make its utilization profitable in agriculture. I expect that this will take place more rapidly than we believe right now. The reason I feel this way is that the problem of water has become a worldwide problem and is being encountered by many nations such as Australia, some of the states in the U.S., and elsewhere."

Concerning the responsibility and activity of the Saudi and Arab firms generally with regard to the assimilation and development of water desalinization technology, Dr Bushnaq said: "Saudi firms have achieved important progress in this field and consequently have become respected worldwide. The al-Kawthar Company, for example, built the Ra's Tanajib Central [Desalinization] Plant for Aramco. This plant has a production capacity of 4.2 million gallons per day. The al-Kawthar Company was chosen from among seven international firms which bid for the job, and it was chosen on the basis of its technical capabilities rather than on the basis of being the lowest bidder. Our firm also got the contract involving the maintenance and renovation of the principal water desalinization plant in Dhahran which was built by a Japanese company. But there is one important point which must be stressed, and it is the fact that the continued development of Saudi firms is something which now depends on these firms receiving government subsidies--just as the governments of the large industrial nations do with their companies. Perhaps the greatest obstacle which we face is the fact that we are forced to engage in some government projects for fees which are insufficient, and this has caused us to suffer huge losses. We expected these losses, but we nevertheless decided to incur them because we wanted to demonstrate our fitness and our capability of implementing the most complex projects--and doing so just as efficiently as the foreign firms of long standing. As a result of this, we have managed to earn the confidence of the firms which manufacture the basic equipment, and they have begun to respond to our requests to produce the basic equipment in Saudi Arabia. We are, of course, being aided in our efforts by the very important position which Saudi Arabia occupies in the world.

"But let us be frank and say that, if Saudi firms are going to be able to continue to develop the water desalinization industry--which is now acquiring an important strategic dimension--this will now depend on the government intervening and subsidizing this industry by means of paying these firms fees which are suitable in view of the costs in Saudi Arabia rather than abandoning these firms to their fate when they are forced to deal with a situation of unfair competition with foreign firms which are subsidized by their governments."

Dr Bushnaq also pointed out the fact that Saudi firms have been able to develop still another area in the water desalinization industry--model water desalinization units. He went on to say: "These are small units whose capacity is as high as 500 cubic meters. The al-Kawthar Company designed and manufactured these units according to the needs of each customer in terms of the water quality and capacity required. This was done by means of having statisticians make a study of these requirements. It is expected that these units will be widely used for crops grown in greenhouses since good crop

production in greenhouses is something which depends on water quality. We are particularly certain that this will be the case because comparable foreign imported units are usually designed according to standard specifications which are not those which are required or are in line with Saudi Arabia's needs generally, and they do not meet the requirements of all of Saudi Arabia's farmers--requirements which differ from region to region."

Dairy, Livestock Industries Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 pp 123-124

[Article: "'Abd-al-Latif al-'Ajaji, General Manager of the al-Mara'i Dairy Production Company, Says: 'What Has Been Achieved in the Animal Resources Sector Is Just As Important As Wheat'"]

[Text] Mr 'Abd-al-Latif al-'Ajaji, general manager of the al-Mara'i Dairy Production Company, said to us when speaking about agricultural investment opportunities in Saudi Arabia: "Any animal-raising or agricultural project has the prerequisites for success because of the existence of the large consumer market. Although there are numerous factors which determine the growth of any sector, the scientific advances which have been made during the past few years have enabled people to be more capable of exercising control over factors which constitute obstacles--the most important of which are obstacles related to nature. Saudi Arabia's experience in this regard is perhaps the best proof of this. As long as there is demand and as long as there are consumers, any project can be profitable in view of the scientific revolution. I believe that even products which are still produced at high cost have the opportunity to overcome this problem. This is true, for example, of meat whose production cost per kilogram is far higher than it is in the international market. However, research which is being conducted daily is proving to us that it is possible to arrive at solutions which can guarantee a reduction of such costs. This can be applied in the case of all products. One thing which enables these accomplishments to be achieved more rapidly is the fact that Saudi farmers are receptive to all modernization processes in view of the fact that they are new and modern-day farmers who possess no inherited agricultural traditions which impede their development."

Mr al-'Ajaji also pointed out the following: "Our experience in growing wheat is perhaps an example of the fact that it is possible to undertake successful agriculture which covers the needs of Saudi Arabia. In fact, it is also possible to produce surpluses, in spite of the fact that many obstacles are present. People are wrong when they say that our agriculture will suffer reverses and farmers will stop engaging in agriculture if government subsidies are reduced. The reason I say this is that the incentives provided by the government to encourage the growing of wheat were not incentives designed to expand the production of wheat, although wheat is an important commodity. These subsidies actually were intended to be a successful investment in the creation of the infrastructure necessary to have a generally advanced agricultural program. This being true, if government subsidies are reduced now, this will not lead to reverses suffered by the wheat-growing program."

I say this because the actual cost of production has already been reduced to the minimum because most of the enterprises involved have been able to get a full return on their investment--aside from the fact that a large portion of these costs were covered in the form of government aid. I do not wish to deal with the matter of the motives of those persons who have their doubts concerning this matter, and it is unfortunate that some nations of the world agree with them concerning their opinion about Saudi Arabia's agriculture. But one can say that our agriculture has been successful and that it has all of the basic elements necessary for survival and development. One of these elements is perhaps reasonable government subsidies, and government subsidies are something which is also provided by other nations of the world which allocate huge amounts of money to support the production of different types of food commodities.

"However, if we wish to be objective, we must admit that a reduction in government aid might lead to deeply affecting a number of the small enterprises which are being soundly administered."

Marketing

Concerning marketing, which is an aspect which has not received sufficient attention so far, Mr al-'Ajaji had the following to say: "Marketing is an aspect which is no less important than production itself. But, at the same time, it is inevitable that marketing should emerge as a result of an objective which was not apparent during the preceding period when the stress in agriculture was on wheat production. It was not possible to achieve important accomplishments via laws, legislation, or government intervention. Now, however, the trend toward interest in marketing might be the natural result of the development of our agriculture and the consolidation of the experience gained by the farmers. In fact, signs of this have already begun to appear. For example, the dairy producers in the Riyadh area have been coordinating their efforts in order to solve all of their marketing problems. This coordination is important because an individual farmer might be unable to deal with the problem alone. Many forms of such coordination might be undertaken, and right now there is also interest in the establishment of special marketing firms which would undertake the job of marketing the crops produced by small-scale farmers. Large-scale agricultural enterprises do not suffer so much from problems of this sort because of their enormous capabilities.

"Furthermore, we also should not ignore the area of the processing of agricultural products because this constitutes one of the principal basic elements for the development of agriculture."

Animal Wealth

Concerning animal wealth, Mr al-'Ajaji said: "This sector has undergone development which is of no less importance than is that of wheat production, although it has not received the amount of attention that wheat production has. This year Saudi Arabia has managed to achieve self-sufficiency and even some degree of production surplus in meat and dairy products. However, the profit in these areas is still relatively low because of high production costs.

These high production costs have begun to go down as we have begun to stress the idea of having integrated enterprises. Our enterprise, for example, is the largest one [of its type] in the world. We have 15,000 cows, and 10,000 of these cows are dairy cows. Our enterprise is noted for the fact that it is an integrated one in view of the fact that we plant fodder crops, engage in production [of dairy products], do processing, and do marketing. Although there is a risk of having epidemics when one has such a large number of cows in the same enterprise, we feel that we are able--with God's help--to prevent such epidemics by means of our constant and close medical inspections and due to our sound modern management. This has allowed us to achieve positive results in our project, and this is shown by the fact that we have achieved a great reduction in our actual costs. The costs involved for a project having 1,000 cows are not too much less than the costs of our enterprise. But the difference in profit is obvious, and this fact has impelled us to adopt the idea of increasing the number of our cows to 25,000."

In reply to a question concerning the marketing problem which the enterprise has encountered and about the fact that, during the last season, the enterprise felt it necessary to dump large quantities [of dairy products] out into the desert, Mr al-'Ajaji said: "This did happen in the past because we had a great increase in production during the wintertime, and winter is a season during which there is less consumption on the part of Saudi citizens of the yoghurt that is consumed as a type of refreshment during the summertime. At the same time, we had not yet opened up new markets. But this problem was solved 100 percent. Right now our products are being distributed throughout all parts of Saudi Arabia. We are transporting milk by airplane to the more distant regions of the country. We are also undertaking persistent efforts on a number of levels to help change consumption patterns and convince people to consume more milk products. We have made contacts with the government in an effort to get the government to utilize milk for lunches and dinners in schools and in hospitals."

Water

Concerning the water problem, Mr al-'Ajaji had the following opinion: "This is a problem which is to be handled by the government, and the government is undertaking a study to find out how much water we have available and is establishing the plans necessary to secure alternative sources of water. Our sector should, however, bear in mind the fact that Saudi Arabia is a desert country and that there consequently is no justification at all for unjustified consumption of our ground water reserves. We must also pursue the following two policies in order to deal with any future problems. First of all, we must concentrate on expanding our utilization of the most modern irrigation equipment and take advantage of the latest advances in science concerning the utilization of recycled water. Secondly, we must endeavor to create sources of water which are alternatives to our ground water reserves, both by means of treating and utilizing sewage water in agriculture and by means of developing our seawater desalinization technology in order to make the utilization of such water profitable in agriculture."

Concerning the effect of the recession on the agricultural sector, Mr al-'Ajaji was of the following opinion: "The effect has been a positive one. The recession was experienced in certain sectors which had undergone great expansion during previous years--such as the sectors of contracting and commerce. This impelled businessmen to become interested in the sector of agriculture as a profitable area of investment. Furthermore, the agricultural sector receives government subsidies. In addition to all of this, the recession had no practical effect on the consumption of food by individuals."

Trends of Agriculture Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 124

[Article: "'Abdallah al-Fadaghi, General Manager of the al-Amtar Establishment, Says: 'Maintenance of Agricultural Equipment Is the Responsibility of the Supplier Companies'"]

[Text] Mr 'Abdallah al-Fadaghi, general manager of the al-Amtar Agricultural Establishment, said to us: "All areas of agricultural investment are profitable in Saudi Arabia if the projects involved are sound in terms of finance and management. This is true even though the planting of wheat is still the main focus of everyone's concern since wheat growing enjoys large government subsidies and due to the fact that there is no marketing problem in this area. But I believe that our farmers will, in the near future, turn to other crops such as sorghum, fodder crops, and vegetables. This does not mean that they will neglect wheat, because wheat growing will remain a profitable undertaking even if government subsidies are reduced. We note that any wheat-growing enterprise is able to cover its costs within no more than 2 years. The result of this is that production costs, in the case of wheat, are for all practical purposes limited to operational costs. These costs are, in any case, very small, especially if we bear in mind the fact that production volume is so high in the case of most of the wheat projects. It is no exaggeration when we say that Saudi wheat, in the near future, will be able to compete in the world market.

"As far as the other crops such as vegetables, for example, are concerned, there is no doubt that they have also demonstrated that they are profitable, especially when they are grown in greenhouses. The increase in the prices of vegetables in Saudi Arabia generally will enable the enterprises which produce them to cover their high production and operational costs within record time, and if more crops of this type are planted, this will result in a decrease in water consumption."

When asked about the probability that an expansion in agriculture would lead to an exhaustion of Saudi Arabia's water resources, Mr al-Fadaghi replied: "It has not been proven that Saudi Arabia's water resources are limited. As we know, our ground water reserves are fed by both surface and underground sources. The phenomenon of the decrease in the water level in some wells should be viewed as being something which is related to the type of source of water which feeds such wells. This type of thing of course happens if the wells are fed from a surface source because Saudi Arabia is a nation where

there is relatively little rainfall. We should also bear in mind the fact that the fall in the water level is something which is attributable to a proven basic rule--that is, it is inevitable that the water level will be lower in wells after the water has been used, but when the pumping of the water stops, this water is rapidly replaced. This is what actually occurs in the majority of regions. In several cases geological studies have shown us that we are still pumping water from wells which are fed by surface sources of water and our digging has not yet reached the level of the ground water. In addition to this, all of our agricultural enterprises utilize the most modern methods of irrigation. This is something which reduces our water consumption to a minimum. Nevertheless, I believe that it is necessary for us to conduct further research concerning economizing water both by means of planting the appropriate crops and developing irrigation technology."

Concerning the matter of the role played in our agricultural development by the suppliers of agricultural machinery and equipment as far as providing appropriate equipment and being concerned with maintenance are concerned, he said: "A few years ago there were very few such firms. But after the government put into practice its policy of subsidizing the agricultural sector, we noticed a big increase in the number of these firms. The result was that these firms felt impelled to compete in the area of offering the best and most modern machinery at reasonable prices during the first stage of their existence. They then began competing in the field of providing other services such as studying the farmers' needs, providing them with the appropriate equipment, and taking care of routine maintenance--and sometimes this was done even without the farmer requesting it. I feel that it is the job of the farmer himself to be more interested in maintenance before buying his equipment, especially since there are some firms which do not have the necessary personnel to help him with maintenance and because these firms merely sell their products. The result of this is that a farmer can have very complicated problems later on.

"Although I am the owner of a company, I am first and foremost a Saudi citizen. As such it is my belief that agricultural machinery and equipment firms should give more attention to maintenance. The reason I say this is that it is foolish when one continues to follow the policy of throwing away a piece of machinery when it first begins to have some trouble and then going to buy a new piece of machinery. This is something which has a negative practical effect on the profitability of an enterprise as a whole."

Future of Agriculture Discussed

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 125

[Interview with Ibrahim al-Darrab, general manager of the Inma' Company:

"Ibrahim al-Darrab, General Manager of the Inma' Company, Says: 'Saudi Agriculture Will Expand Without Any Government Subsidies''; date and place of interview not specified]

[Text] [Question] What are the areas of agricultural investment or investment in the field of animal wealth production which have proven to be economically profitable in Saudi Arabia?

[Answer] Because Saudi Arabia has such a large total land area, its climate differs in accordance with the various regions of the nation. The result of this is that, generally speaking, most crops can be grown in Saudi Arabia. Some of the most important crops which have proven to be economically profitable are grain crops, fodder crops, and vegetables. I am not here speaking about industrial crops which require processing such as oil-bearing seeds and sugar beets. Animal production in Saudi Arabia has also achieved a great deal in this regard, and this applies to dairy products, poultry products, and red meats.

[Question] There are crops such as the wheat crop which were established on the basis of, and continue to enjoy, large subsidies from the government because of their production cost. Do you think that the planting of wheat is something which can continue if such subsidies come to an end?

[Answer] When the government decided to provide agricultural subsidies, the basic objective was to create modern agricultural development which would be established on firm bases and which would basically rely on expansion in the utilization of agricultural mechanization in order to cut down on the necessity to utilize the small labor force available, modern methods of irrigation in order to conserve water, select and highly-productive strains of seeds, and optimum utilization of chemical fertilizers. The objective of all of this is to increase the total area under cultivation, to improve production both in terms of quantity and quality, and to reduce production costs as much as possible.

These generous subsidies were very beneficial. As a result, the agricultural sector made great strides which enabled it to occupy a prominent position among the other production sectors. These subsidies also led to the fact that a great deal of private capital came into the sector of agriculture after this private capital had been apprehensive about investing in the field of agriculture. The result was the emergence of large agricultural firms having private capital, such as the firms Nadco [the National Agricultural Development Company], Inma', Ha'il, and Tabuk--companies whose production depends upon doing business on a large volume basis.

If government subsidies for the agricultural sector continue after an assessment of this aid is made and the aid is properly channeled in order to facilitate expansion of wheat production and of other important crops, the time will come--and I do not consider it to be far away--when these large firms and other efficient companies and individual establishments will be able to produce these crops without government subsidies.

[Question] Is it likely that the spread of irrigated agriculture, in spite of the utilization of modern irrigation methods, will lead to exhausting our water resources which, in Saudi Arabia, are relatively limited?

[Answer] As long as there is sound and well-thought-out planning which deals with expanding our total arable land area in a way which is in line with the geohydrological conditions of each region, since the Ministry of Agriculture and Water is directly overseeing the digging of wells and the distribution of

agricultural lands, and if expansion in the utilization of modern methods of irrigation continues, then I see no reason to be apprehensive about our ground water reserves in Saudi Arabia.

[Question] What is your assessment of the degree of success of the Saudi firms which are active in the field of agriculture in terms of their utilization of production methods and the quality of their production as well as in terms of their supply of their products, their preparation of their products, and the coordination [of each firm's activities with those of the other firms]?

[Answer] The establishment of large agricultural firms which depend on large-scale production constitutes the best solution as far as achieving overall agricultural development is concerned, and this is true from the point of view of production, production quality, lowering production costs, and from the point of view of the marketing methods and channels which these firms will be utilizing. We, for example, in the Inma' Company have established an overall production plan, divided into three phases, for the planting of crops other than wheat. The plan also includes animal production. We have also set up a research station to conduct experiments on different crops. Our first experiment dealt with a new type of wheat called the "west breed" type of wheat. Next year we will also begin experiments concerning the growing of potatoes. In the field of agricultural industries we have also undertaken contacts with the Saudi Vegetable Oils Company and other firms concerning the planting of sesame, setting up oil presses to supply them with their raw materials, and the utilization of leftovers as fodder. We are also right now preparing to begin a project involving raising and fattening sheep as well as a small-scale project involving raising camels. We expect that, during this season, we will achieve a high level of wheat production before the remaining area of land granted to us by the government is planted at the end of the season. Since the implementation of this activity has been undertaken so seriously, it has been decided to give the company the remainder of this land--an area totalling 8,000 hectares.

As for the matter of our firm being transformed into a joint-stock company, this is an idea which originated with Prince Sa'ud ibn Bandar ibn 'Abd-al-Rahman, and it is an idea which has been enthusiastically received by business circles. It has been agreed that the company should remain a limited liability company until it has become sufficiently successful to be turned into a joint-stock company. This is what we are attempting to bring about right now. We have already begun our contacts with the Ministry of Commerce to complete the procedures necessary for this to be accomplished.

Efficiency in Agriculture Urged

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 60, May 84 p 126

[Article: "Hammud al-Barjis Says: 'We Must Cut Costs'"]

[Text] Concerning the growing of wheat and the conditions necessary for this undertaking to continue on the basis of viable commercial criteria, Mr Hammud

al-Barjis said to us: "There are two basic factors which are paramount in this matter. They are costs and the optimum utilization of resources. We note that costs of agricultural enterprises are still very high and, at the same time, there has been a sharp decrease in production efficiency. It is true, however, that we can overcome these two problems via a minimum of study and attention. Perhaps a gradual reduction of government subsidies would lead to inducing the farmers to increase their production efficiency and decrease unjustified production costs. I do not believe that our climate and lack of large water resources constitute an obstacle. In some areas of the U.S., for example, we find the same conditions. Nevertheless, production costs there are far less and this has enabled U.S. farmers to sell wheat at prices which are only one-third the price of Saudi wheat.

"We should also mention the fact that diversification of production is the basic factor when it comes to consolidating agricultural development. This can be done by following a policy of planting crops which are appropriate for the conditions in Saudi Arabia. For example, soy beans are noted for the fact that they constitute a natural fertilizer for the soil, are a profitable crop, and are a crop which does not require that much time be devoted to it. The same is true of sugar beets, which are a crop requiring soil with a high salt content, and this is something which we have in Saudi Arabia in both our soil and our water."

Mr al-Barjis went on to say: "The processing of agricultural products should proceed in two directions. The first direction is that of processing, canning, or preserving the materials produced in such a way as to strike a balance between profit for the producers and the interests of the consumers. This is something which must be complemented by the creation of the necessary marketing channels--which are still underdeveloped when compared with the production process. The second direction involves the planting of industrial agricultural crops such as sugar beets, sesame, etc. It has also become necessary to become interested in locally manufacturing materials which are necessary for agriculture such as fertilizers and some simple machinery as a prelude to developing these industries later on in the future. My opinion is that the fertilizer industry should be regarded as a basic element at this stage in view of the type of soil which we have in Saudi Arabia which requires highly-effective fertilization in order to make up for the soil's lack of many organic materials. This can only be accomplished by means of laboratory analysis of the soil, water, and plants in order to find out which elements are missing and thus in order to be able to create suitable compounds. This is something which impels us to say that it is necessary for us to establish more local fertilizer plants and not be content, as we are at the present time, with the standardized imported fertilizer compounds. We hope that the plant which we are setting up right now will be a nucleus for other such plants. This will be the first plant of its type in a GCC nation which has a complete laboratory for making studies of the farmers' requirements and providing them with the appropriate fertilizer compounds. The production capacity of the plant will be 40,000 tons, and production will begin during the latter part of this year."

DUGAS TO SUPPLY GAS FOR DESALINIZATION PLANT

Dubayy KHALEEJ TIMES in English 27 Jun 84 p 1

[Text]

THE Dubai Natural Gas Company (Dugas) will next month start supplying gas to run some turbines of the water desalination plant and the electricity generators in Jebel Ali, Merza Al Sayigh, deputy chairman of the Dugas board of directors said.

He told WAM that a three-mile 20-inch pipeline had been laid down to carry 200 million cubic feet of gas per day to the electricity station and the desalination plant in the aluminium smelter in Jebel Ali.

He said the Dubai Electricity Company was introducing gas to run some of its generators for the first time according to directives issued by His Highness Shaikh Rashid bin Saeed Al Maktoum, Vice-President and Prime Minister of the UAE in his capacity as Ruler of Dubai.

"If the project gives good results, then all turbines will be run with gas instead of the expensive fuel oil," Mr Merza said.

He said that the Dubai Electricity

Company would reduce operation costs and increase profits when the project was implemented in all electricity stations.

Mr Merza praised the efforts exerted by Shaikh Hamdan bin Rashid, Minister of Finance and Industry and Chairman of Dugas, for executing the \$ 3 million project, which was completed in two months.

He expressed the company's readiness to consider requests by the industrial sector in Jebel Ali for supplying them with gas.

Referring to the recent expansion programme in Dugas, Mr Merza said that a \$ 140-million project, which has increased the plant's capacity by 100 million cubic feet of gas per day in addition to the current production of 150 million cubic feet per day has been completed.

Calling on the authorities concerned in Dubai to develop the capabilities of Dugas, Mr Merza pointed out that the company was able to increase its production capacity to 150 tons of liquefied gas and 2,800

barrels of condensate per day.

He said the surplus could be exported after meeting the demand of the Dubai Aluminium Company, Dubal, and the Emirates Gas Company which is marketing the gas to customers in the Northern Emirates.

Mr Merza said that Dugas had signed a contract with a Japanese company to sell it the surplus gas.

He expressed the company's readiness to supply the government-run Emirates Gas Company with its needs of gas to fuel cars.

The Dugas deputy chairman said the company was now executing an ambitious training programme for UAE youths and would send them for training courses abroad.

Meanwhile, informed sources said that Shaikh Rashid had instructed the authorities concerned to speed up work to lay down a 70-mile pipeline linking the Margham Gas Field and Jebel Ali industrial complex.

The sources added the pipeline would increase the production capacity of Dugas.—WAM

CSO: 4400/283

BRIEFS

RELATIONS WITH MOROCCO GOOD--UAE-Morocco relations are very good and this has helped to boost trade and tourist exchange between the two countries in the last two years, Mr Al Baker Al Mushfer, director-general of Morocco's Dubai-based Middle East office for promotion of tourism, has said. According to a WAM report, he said in Abu Dhabi yesterday that the agreement for cooperation in the economic, scientific and commercial fields, signed by the two countries last month, was another step strengthening the UAE's relations with the Arab Maghreb. He said there had been a significant increase in the tourist traffic between the Arab Gulf countries and Morocco in the last two years. Travel between the region and Morocco had become much cheaper now with a tourist air ticket costing only Dh 2650, 46 percent less than the earlier fare. [Text]
[Dubayy KHALEEJ TIMES in English 29 Jun 84 p 2]

CSO: 4400/283

ALLIANCES FOR MARTIAL LAW LIFTING, POLLS DATE

Dhaka THE NEW NATION in English 31 May 84 pp 1, 8

[Article by Kazi Montu]

[Text] The 15-party and the 7-party alliances are going to shift the thrust of their movement on to the demands for lifting of martial law and specific timetable of parliamentary election.

Both the alliances have agreed on the need for a neutral government to ensure free and fair parliamentary polls as they believe that the election cannot be free and fair if the President and the Ministers work for any party in the election.

Meanwhile, the two major components of the 15-party and 7-party alliances the Awami League and the BNP (Khaleda) have stepped up their organisational activities. The lower units of the two parties have been instructed to consolidate their respective organisational base.

Underlying the stepped-up organisational activities of the two alliances are their preparation for parliamentary polls since the issue of enlisting of candidates is being loudly discussed at the lower level of the two parties.

Even during a recent series of tours in some parts of the country both Awami League chief Sheikh Hasina Wazed and BNP Chairman Begum Khaleda Zia exchanged views with the local leaders of their organisations on the question of their possible participation in the election and nominating candidates.

The necessity for maintaining their preparedness for parliamentary elections seems to have stemmed from their suspicion about the possibility of one being caught unprepared by the other in the election battle if a decision is taken in favour of it in the future.

It may be mentioned that the 15-Party Alliance, of which the Awami League is the major component, demanded a proclamation for lifting of Martial Law and vesting powers in the hands of Gen. Ershad to run the country until transfer of power to a sovereign parliament, in course of their formal dialogue with the government.

The 7-Party Alliance, of which the BNP (Khaleda) is the major component, placed a 33-point demands to the Government across the dialogue table proposing phasewise withdrawal of Martial Law and retention of the office of the CMLA only until the transfer of power to the elected people's representatives.

However, in spite of their cold war the two major components of the 15-party and the 7-party alliances have given their consent to the continuation of simultaneous movement. In the meantime, the two alliances have worked out points of agreement on the constitutional issue and agreed to cling to the five-point demands again.

The liaison committee of the 15-party and the 7-party alliances met on May 19 to discuss their differences on the constitution and formulate a fresh action programme. The meeting was attended by Dr Kamal Hossain on behalf of the 15-Party Alliance and Shah Azizur Rahman on behalf of the 7-Party Alliance as constitution experts.

Both the sides agreed that the constitution suspended in 1982 would be restored in the beginning session of the parliament and any proposal for its amendment would be considered in accordance with the provisions of the suspended constitution.

The Executive Committee of the BNP (Khaleda) elaborately discussed the issue "election or movement" in its meetings held in May 24 at the residence of Lt Col (retd) Mustafizur Rahman and on May 27 at the residence of Maudud Ahmed. The May 27 meeting began at 7 p m and continued till 2-30 a m.

A series of decisions was taken at the marathon session of the executive committee on May 27. The most important of these decisions was that the party would prepare itself for election organisationally after putting its main thrust on the movement.

Besides, it was also decided that under any circumstances the understanding of the two alliances had to be protected.

Ferdous Qureshi, Joint Secretary General of the party, initiated discussion on a draft four-point basis of understanding of the two alliance for a fresh wave of simultaneous movement.

The party accepted two points--one point relating to the lifting of Martial Law and the other relating to the holding of fair election. It was mentioned in the second point that those who are now in power could participate in election only under a caretaker government.

The party rejected the third point that the "state constitution" would be restored after parliamentary election. In a resolution the "state constitution" was replaced by suspended constitution. The fourth point which was also rejected was that the timetable of presidential election would be announced only after duly considering any proposal for amendment to the constitution.

The fourth point was rejected on the plea that it was contrary to the ideology and principle of the BNP (Khaleda). It was observed in the meeting that this point implied a move to retain Gen Ershad as President for an indefinite period.

It explained the point saying if a proposal for amendment to the constitution is brought it will be referred to the Select Committee first where it is certain to remain shelved for not less than six month. After its placement in the house the debate on the issue will also consume some more months and thus the holding of presidential election will be delayed by months together.

Besides, there is no certainty that the proposal for amendment to the constitution will be able to get support of the two-third majority of the representatives in the house.

In a resolution the party has decided to observe a 'price resistance day' and bring out a hunger procession during the Ramadan.

CSO: 4600/1949

COMPOSITION, DUTIES OF NATIONAL PAY COMMISSION

Dhaka THE BANGLADESH OBSERVER in English 1 Jun 84 pp 1, 12

[Text] The Government has decided to constitute a 15-member National Pay Commission headed by Mr. Justice Shahabuddin in view of prevailing inflation and price rise, an official announcement said in Dhaka Thursday, reports BSS.

The Commission while formulating its recommendations will review the recommendations of the two pay commissions earlier constituted in 1972 and 1976 and consider their present state of implementation and progress.

The Commission will submit its recommendations to the Government by December 31 next.

The Commission has been asked to recommend minimum monthly salary at Taka 400 per month inclusive of existing dearness allowance, ration compensation allowance and other allowances.

The terms of reference of the Commission will be as follows:

The National pay Commission will submit its recommendations considering the present pay structure, allowances and other benefits of officers and employees of different government and semi-government and autonomous bodies, income and expenditure of the government and economic condition obtaining in the country. Its recommendations will cover officers and employees of Government, semi-Government, autonomous bodies like banks, financial institutions, universities and nationalised industrial establishments (except workers described under Section 10-A 1974 Act).

The members of the Armed Forces will not come under the terms and reference of the Commission. But the officers and employees drawing salaries from defence sector will come under its purview, the announcement said.

The recommendations of the Commission will include (A) Suitable pay structure for officers and employees; (B) Other benefits excluding salaries such as house rent, medical allowances, conveyance allowance or arrangement; (C) Formulation of suitable principles for refixing salaries, allowances and retirement allowance from time to time considering the changes in the price of commodities and (D) Suitable retirement allowance for officers and employees and

arrangement for compensation for the bereaved families in the event of death of officers and employees while in service.

While formulating recommendations on the aforesaid matters the Commission will consider (A) Cost of living for a family of not more than four members; (B) education expenses for the wards of officers and employees; (C) Sources of government revenue, requirement of resources for administrative and security arrangement, state of income and expenditures of the government, semi-government and other aforesaid establishments and corporations, necessity of achieving self-reliance gradually and augmenting resources for investment in the effort for national development; (D) Need for attracting brilliant and efficient officers in the administration; (E) Necessity of attracting of professional experts for various establishment, linked with production; (F) Need for generating enthusiasm for increasing the efficiency of the officers and employees and augmenting production and (G) Demand and supply of efficient persons in technical profession.

The Commission will also recommend on the need for formulating separate wage structures considering the requirements of different controlling agencies, government organisations established on commercial and productive basis, nationalised banks and financial institutions.

The commission will consider alternatives if the existing rationing system is abolished and recommend accordingly changes in the pay structures.

Introduction of an integrated system after reviewing the present recreation allowances, festival allowances and festival bonus will be considered by the Commission.

The Commission will review and recommend the salaries, allowances and fringe benefits of the employees and officers of Bangladesh Shipping Corporation and Bangladesh Biman considering the special nature of their jobs and particular needs.

The Commission will recommend an integrated system after reviewing the existing housing and house rent facilities conveyance and medical benefits of different organisations.

The Commission will determine its own procedure of work and would ask for relevant information from different organisations to carryout its business, for this purpose, the Commission may invite for interview any individual expert or any organisation or institution who should help the commission with necessary information.

The three full-time members of the Commission are: Dr. Wahiduddin Ahmed, former Vice-Chancellor, Engineering University Mr Jamseruddin Ahmed, Retired Secretary and Mr M.A.H. Khandker, a former Member of the Planning Commission.

The part-time members of the Commission are: Mr A.F.M Ehsa nul Kabir Secretary, Establishment Ministry Mr M A Khaleque a Retired Secretary Mr A Sattar President Federation of the Chamber of Commerce and Industry, Mr K K

Huda, Chartered Accountant, Dr Yusuf Ali, Retired Professor, Dhaka Medical College, Mr A Matin Khan, Managing Director, Pubali Bank, Mr Gausul Hussain, Retired Educationist and Adviser, a representative of the Finance Ministry of the rank of Joint Secretary or of equal status, a representative of the Industry Ministry of the rank of Joint Secretary or of the equal status, a representative of the University Grant Commission (U.G.C

Dr S A Samad Economic Adviser to the Chief Martial Law Administrator will act as the Member-Secretary of the National Pay Commission.

CSO: 4600/1950

IRAN

PETROLEUM MINISTRY ANNOUNCES COUPON DISTRIBUTION

Tehran KEYHAN in Persian 25 Jun 84 p 3

[Article: "Ministry of Petroleum Announces Distribution of Kerosene and Liquified Gas Coupons to Fuel Consumers to Begin Next Week"]

[Text] Coupons for kerosene and liquified gas will be distributed to fuel consumers in Tehran, Karaj, and Rey at national and commercial bank branches beginning 11 Tir [2 July] of this year.

The Public Relations Office of the Ministry of Petroleum of the Islamic Republic of Iran, in a statement regarding this, announced: To the respected residents of Tehran, Karaj, and Rey: Ration coupons for kerosene and liquified gas for the year 1363 [21 March 1984 - 20 March 1985], will be issued daily from 11 Tir [2 July] to 14 Tir [5 July] between the hours of 2 p.m. to 5 p.m. at branches of the national and commercial banks. When applying to the banks, the dear municipal residents must bring with them the following documents:

- 1 - The original economic mobilization booklet and the relevant identification.
- 2 - A photocopy of the first page of the economic mobilization booklet.

The same public relations office added: The distribution of kerosene coupons for families who are served by the municipal gas pipeline will be announced later.

9310

CSO: 4640/302

EFFORTS TO IMPROVE HIGHWAYS SINCE MARCH 83 DETAILED

Tehran KEYHAN in Persian 25 Jun 84 p 3

[Article: "Roads and Transportation Ministry Activities in Improving the Country's Roads Last Year Announced"]

[Text] A spokesman for the Ministry of Roads and Transportation contacted the ISLAMIC REPUBLIC NEWS AGENCY and announced the principal activities throughout the country in the year 1362 [21 March 1983 - 20 March 1984] by the office of road improvement, through the office of the deputy minister of roads and with the cooperation of the Ministry of Roads and Transportation.

According to this report, the activities included the improvement of provincial and national roads. In the improvement of provincial roads, 12 project sectors totalling 273.2 kilometers are being carried out for the improvement of asphalt and other surfaces with contracts totalling more than 5,630 million rials. As of 20 March 1984 more than 1,631 rials, which is 29.1 percent of all the contracts negotiated with contractors, had been spent.

Among the principal projects may be mentioned the Bardsir - Baft project, 108 kilometers in length in Kerman province, the Ramhormoz - Izeh project, 85 kilometers in length in Khuzestan province, and the Firuzabad - Farrashband and Firuzabad - Qir projects, 73 and 72.2 kilometers in length respectively in Fars province.

According to the same report, in the area of the improvement of national roads, 55 project sectors totalling more than 3,700 kilometers are being carried out to improve asphalt surfaces at a total outlay of more than 15 billion rials. Among the chief projects in this group may be mentioned the Ahvaz - Andimeshk and the Andimeshk - Dasht-e 'Abbas projects, totalling 150 kilometers, the West Eslamabad - Ilam project, totalling 145 kilometers, and the Sari Gorgan area project totalling 125 kilometers.

Among the projects mentioned which are being carried out, more than 1400 kilometers of asphalt roads have been strengthened, including the Mahan - Shuregar sector, 200 kilometers long, the Shiraz - Ardikan - Yasuj project, 155 kilometers long, the West Eslamabad - Ilam area project, 145 kilometers long, and the second sector of the Ahvaz - Andimeshk project totalling 100 kilometers.

According to the same report, projects completed in the year 1363 [21 March 1984 - 20 March 1985] totalled more than 230 kilometers; chief among them were the Andimeshk - Dasht-e 'Abbas project, 50 kilometers long, part of the middle road to Bostanabad, 70 kilometers long, and the Eyvanaki - Ab-e Sard project, 45 kilometers long.

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CSO: 4640/302

IRAN

HEAVY INDUSTRY PRODUCTION INCREASES FOR APRIL

Tehran ETTELA'AT in Persian 26 Jun 84 p 4

[Article: "Heavy Industry Factory Production Increases in the Month of Ordibehesht (21 April - 20 May)"]

[Text] Through the efforts of committed factory workers, the highest level of monthly production in the history of the country's heavy industry was reached in the month of Ordibehesht [21 April - 20 May] of the current year. While announcing this, a spokesman for the Ministry of Heavy Industry gave all production figures for the first two months of the year 1363 [21 March - 20 May] to the ISLAMIC REPUBLIC NEWS AGENCY. According to this report, in the month of Farvardin [21 March - 20 April] of this year monthly heavy industry production declined significantly due to the New Year's holidays, but the following month production almost doubled. In comparison to the same period a year ago production was up 25 percent, and in comparison to the same period two years ago it was up 98 percent. It notes that the highest level of annual heavy industry production was reached in the year 1362 [21 March 1983 - 20 March 1984]; in that year the highest monthly production was in the month of Aban [23 October - 21 November]. The production indicator for that month based on the year 1361 is 1.189, but the production indicator for Ordibehesht based on the same standard, reached 198, which is unprecedented in the history of the country's heavy industry. During this month the production of busses, gasoline motors, pumps, pipes, steel contours, shock absorbers, and pistons increased significantly; on the other hand, the production of combines decreased due to technical difficulties, as did that of tractors due to problems with parts and materials.

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CSO: 4640/308

IRAN

MILLIONS IN CREDIT GIVEN TO SISTAN VA BALUCHESTAN

Tehran ETTELA'AT in Persian 27 Jun 84 p 4

[Article: "By Enactment of the Supreme Province Planning Council, 830 Million Rials in Credit for Implementation of Groundwork Planning in Sistan va Baluchestan to be Proposed to Government"]

[Text] Zahedan - At a session of the Supreme Province Planning Council of Sistan va Baluchestan convened for the purpose of studying plans proposed by executive organizations, attended by Governor General Ahmad Nasri, the development assistance department of the Governor General's office, and all members of this council at the level of the Governor General's office, 830 million rials in credit for plans under Article A Section 6 of the budget law for the year 1363 [21 March 1984 - 20 March 1985] were approved by this council for submission to the government.

According to the ISLAMIC REPUBLIC NEWS AGENCY, of 830 million rials credit for the implementation of groundwork planning in this province, which was approved as a proposal to the government by the Supreme Province Planning Council, 100 million rials are allocated to the Governor General's office of Sistan va Baluchestan for improving transportation facilities and municipal installations, 100 million rials are allocated to the regional health organization for the completion of health treatment centers, treating illnesses in deprived areas, the construction of rural health houses, a rural drinking water supply network, and rural environmental improvement, 10 million rials are allocated to the general housing and municipal construction office for the completion of the half-finished building for civil registration and the deprived areas finance offices, 45 million rials have been allocated to the Province Agricultural Office for carrying out studies, 50 million rials have been allocated to industries for the completion of industrial regions in deprived areas, 150 million rials have been allocated to the Roads and Transportation Office to build and extend rural roads in Zolegan and Jazmuriyan, 220 million rials have been allocated to the Province Regional Water Corporation for the Konarak water supply system, 50 million rials have been allocated to manual industries for the expansion of rural manual industries, and 45 million rials have been allocated to the Sistan va Baluchestan fisheries.

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CSO: 4640/308

GUARDS CORPS TO ACCEPT 100,000 RECRUITS ANNUALLY

Tehran JOMHURI-YE ESLAMI in Persian 28 Jun 84 p 2

[Interview with revolutionary guard region 10 commander: "Revolutionary Guards to Accept more than 100,000 Recruits for Duty Annually"]

[Text] The revolutionary guard region 10 commander announced: Under the new recruitment program, the revolutionary guards of the Islamic revolution are prepared to accept more than 100,000 recruits for duty annually, and to accept volunteers for service in the revolutionary guards in the shortest time possible. Mr Moballegh, region 10 commander of the revolutionary guards, took part in a press conference and answered questions from correspondents. In the course of making this announcement, he said: Volunteers may prepare for shipment to training centers by applying at the revolutionary guard posts in Tehran within the next 7 to 10 days. He said: In order to facilitate registration, existing files will be used for all recruits who participated in the mobilization resistance campaign, the Ya Khomeyni affirmation plan, or the remobilization; during their service, their qualifications and accomplishments as a result of these campaigns will be taken into consideration. He said: In the same connection, a plan has been implemented whereby every revolutionary guard brother may refer the names of five recruits volunteering for duty in the revolutionary guards to registration centers by filling out special forms so that these recruits may be processed as quickly as possible in view of the necessary priorities. He noted the importance of the Islamic revolutionary guards' duties in the defense of the Islamic revolution and in fighting the plots of world imperialism, and asked recruits to report to the registration centers at revolutionary guard posts, in order to perform their military service in the revolutionary guards after going through selection procedures.

The revolutionary guard commander explained that six months to a year prior to recruitment volunteers may refer to enlistment registries at revolutionary guard registration centers to determine the dates they will be shipped out. Mr Moballegh said: After undergoing a training period appropriate to their level of literacy, experience, specialization, and skill, volunteers will be employed in parts of the country where they are needed.

The revolutionary guard commander said: After six months of duty, recruits may request future official membership in the revolutionary guards at any time prior to the completion of their service, and after undergoing the selection

process they may perform official service in the revolutionary guards. He added: Pay for revolutionary guard duty will be the same as that approved by the Majlis for the other army forces.

He stressed the need of the revolutionary guards for specialist forces, and asked all the country's high school and college graduates who are enlisting for military service to avail themselves of the features of guard service by spending two years of their enlistment in the revolutionary guards.

He added: The skills of specialists will be employed in the best way possible in the areas where they are needed.

The revolutionary guard region 10 commander stressed that those who have specialities needed in the revolutionary guards will have priority in the selection process, in that they will go through the selection process in a minimum amount of time. In conclusion, Mr Moballegh said: With the cooperation of the Gendarmerie of the Islamic republic, the revolutionary guards will accept more than 100,000 recruits annually for general military service.

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CSO: 4640/307

CALL TO RESCUE TEXTILE INDUSTRY

Karachi DAWN in English 27 Jun 84 Business Supplement p I

[Article by Shaheen Sehba]

[Text]

KARACHI, June 26: "The country's largest industry — textiles — is under a net debt burden of Rs. 10 billion payable to the banks and if its viability is not restored soon, it may collapse," a leading industry spokesman warned today.

"The budget gave us nothing, the Import Policy has disappointed us and thousands of spindles have already closed. If the crisis is still not realised, the next four months will destroy us," the new chairman of APTMA, Mr. Javed Saifullah said in an interview.

As Mr. Saifullah spoke at APTMA headquarters, a telephonic message informed him that 30,000 spindles were being shut by Adamjee Industries where the management had laid off thousands of workers for several months after successful bargaining with the CBA.

"There are numerous mills which are running short of capacity. The trend is that if you produce less, you lose less. We are just trying to cut our losses after a catastrophic year in which government remained on the sidelines until the damage had been done," he said.

Drop in Japan

Latest figures released by APTMA show that exports of yarn dropped by 51.7 per cent in January-June, 1984 compared to Jan-June 1983. For the fiscal 1983-84 the decline was 37.6 per cent in quantity and 22.4 per cent in value.

"We produced 450 million kg. of yarn this year and if we are not allowed to export, what shall we do with the surplus because the domestic requirement is not over 270 million kg," Mr. Saifullah said.

APTMA records show that Pakistan's share in the Japanese market had dropped from 56 per cent to 38 per cent this year with both South Korea and China recording major advances, China having doubled its share.

Mr. Javed Saifullah regrets that the Finance Minister does not accept the existence of a crisis in the

textile industry. "He has told us to close any mill which cannot survive in these conditions."

"But it is not easy to wind up either," he explained. "None of the provincial governments would allow closure of any mills which could create a labour-cum-law and order problem. In NWFP, we are strictly told not to shut down although it would be a good business proposition to close for a few months," he said.

The immediate relief needed for the textile mills would be to make them competitive in blended yarn by reducing the import duty on polyester and viscose and to give post-shipment refinance, he said.

"We were expecting that some relief would be provided at least in the Import Policy, if not the Federal Budget, but that too has not come. We are required to explore new markets but no provision is made to provide incentives like promotional rebates as proposed by the Export Promotion Council in March."

Textile Board

The APTMA chairman thinks creation of a representative Textile Board to coordinate the diversified interests and groups in this sector was an immediate necessity. "If we had such a forum last year, the cotton crisis would not have taken such a toll and things would have remained under control by quick, specific measures."

The strategy of the textile industry, he says, would now be to convince the authorities that there was a crisis and to persuade them to take measures. "We don't want a confrontation-like situation but we have to keep them informed."

Being the largest employer in the country and under a burden of Rs. 10 billion, we have to survive as our closure would mean creation of a lot of problems. "We are prepared to make losses but at least the government should share these losses with us. We are not asking for too much."

DEFENSE MINISTER ASSERTS '73 CONSTITUTION 'UN-ISLAMIC AND HARMFUL'

Islamabad THE MUSLIM in English 28 Jun 84 p 1

[Text]

LAHORE, June 27: Mr Ali Ahmad Talpur, the Federal Minister, has asserted that the form of government provided in the 1973 Constitution is "un-Islamic" and harmful to the country as long as it remains in force.

In an interview with PPI here this afternoon he maintained that this Constitution cannot solve problems of the country. It is just a "hotch potch" and its abrogation, in his opinion, will be a step in the country's interest.

The Defence Minister said the 1973 Constitution was an unfortunate episode after the dismemberment of Pakistan to safeguard the position of Zulfikar Ali Bhutto. The crises that followed were the creation of that Constitution.

He also recalled that the military operation in Baluchistan engineered immediately after the formulation of that Constitution was among the ill-effects of the 1973 Constitution.

Mr. Talpur underlined the necessity of a true Islamic form of government in Pakistan which should be completely in conformity with the mood and spirit of the people. He said the Western or the Socialist democracies are only sources of problems and troubles.

Asked to identify the country which was practising an Islamic

system which could be an example for Pakistan, Mr. Talpur said "Saudi Arabia is closer to this system". However, he added that no system was being followed in its entirety anywhere in the world.

When reminded that Saudi Arabia has a monarchy, the Defence Minister said that it was strange that while monarchy is justified if practised in a country like United Kingdom, Saudi monarchy is not considered proper irrespective of the countless services being rendered by the Saudi Government to its people and Islam.

The Defence Minister proposed that Pakistan should emulate the example of Saudi Arabia in order to set up an Islamic Government in this country. However, he said Pakistan could devise its own system of elections according to the present-day requirements.

Asked what was likely to happen in the prevailing situation: Will Gen. Zia hold elections or will be replaced by another General, the Defence Minister said "if Gen. Zia holds firmly the rope of Islam, he will remain in power and will hold elections. There is hardly any possibility of a replacement". He said the people would be afforded an opportunity to give their opinion about the form of government they wanted within the Islamic order.

Mr. Talpur said the delay in the full enforcement of Islamic system is the biggest mistake and

modesty in public dealing is the biggest deed of the present regime.

Answering a question about the prevailing political situation in the country, the Defence Minister said the armed forces were engaged in improving their professional skills and making up their deficiencies. On the other hand an effort was being made to avoid victimisation. As a whole, he said, this government has not resorted to confrontation with the people; on the contrary, it has exercised restraint even against those who tried to test their muscles.

The Defence Minister proposed enforcement of Fiqh Hanafi in Pakistan.

He reiterated that the "seat of power" should be filled before the elections which should be followed by election of the Federal Shura and then election of the Provincial Governors and Provincial Advisory Councils.

Mr. Talpur warned that Pakistan may have to encounter a "disaster" in case it failed to fill the seat of power before elections. The name of the person to fill the seat of power should be proposed by the Federal Cabinet and the nation should express its opinion about him. In case of defeat of one proposal the Cabinet should propose another person for national approval.

He stressed upon the present regime to implement an Islamic system in the country and

remarked this "bitter pill" will be life-sustaining (Aab-e-Hayat).

Answering a question, the Defence Minister proposed joint defence of all the Muslim countries. He said an Islamic summit should be convened to work out modalities of the joint defence and establishment of joint defence industries. He said "the Muslim countries are rich in resources and can end their dependence on other countries and blocs by pooling their resources.

About his recent visit to Saudi Arabia, Mir Ali Ahmed Talpur said it helped to strengthen the relations between the two brotherly countries, especially in the field of defence.

Mir Ali Ahmed Talpur appreciated the defence capability of the Saudi armed forces and said they were remarkably advanced and alert.

The Defence Minister condemned what he called atrocities perpetrated on the Muslims and Sikhs in India. He attributed the killings in India to the afflictions of Western democratic system and alleged that innocent people were massacred to bag votes.

He ruled out the possibility of oppressed Sikhs crossing into Pakistan. However, he emphatically stated that Pakistan was opposed to any oppression, be it against the Kashmiris, Palestinians, Filipinos or Sikhs. "We condemn atrocities everywhere in the world, the Defence Minister concluded.

CSO: 4600/641

INDIA-PAKISTAN RELATIONS: PLEA FOR STRONG TIES

Islamabad THE MUSLIM in English 28 Jun 84 pp 4, 5

[Article by Lt Gen A. I. Akram (Ret): "Let's Not Rock the Boat"]

[Text]

We, Indians and Pakistanis, have lived so long in a state of tension that it has become a second nature to us. Ever since partition we have glared angrily at each other, snarled at each other, thought of each other as Enemy Number One. At times we have fought each other, and when not fighting each other we have continued to see the threat of war hanging like a sword over our heads.

It has become like an addiction, as if we have been on a hate drug for 37 years and cannot break the habit. It is also like becoming a prisoner, this time in a self-constructed prison of our own images, a mental prison which we are unable to break out of. Strangely, many older people in the subcontinent, people of the partition generation, feel safe in that prison, and if they are ever taken out of it, they would be happy to get back to their old familiar surroundings, back to the prison walls plastered with comforting platitudes.

Unable to dispel the fear and mistrust generated by the independence struggle and the holocaust of partition, many of us retreat into clichés on which we have depended for support ever since the two countries came into being as independent states. We prefer the seeming security of our familiar prison to the exciting but unfamiliar realities of the outside world, the latter's better potential notwithstanding.

But the prison is crumbling and the walls may collapse upon us. It is time to get out of it. Moreover,

the hate drug has wasted our spirits and damaged our minds. It is time to break the drug habit too and take to a healthier and more cheerful life. India and Pakistan face perils enough without increasing their own burdens by becoming perils to each other.

PAK DANGERS

Pakistan is facing more dangers today than it has done in its entire existence. India has always been the threatening power whose shadow fell across our land, but we have got used to that shadow and believe that we have got India's measure. Now a new peril has emerged on our north-western flank: the presence of 110,000 unwanted Soviet troops in Afghanistan, against whom the freedom fighters are waging a heroic struggle. Unfortunately, Pakistan is getting dragged into the dispute, having to carry an enormous burden of 3 million refugees on its soil and getting indirectly involved in the freedom struggle of the Afghans. Our moral zeal in favour of the noble Afghan resistance might not be matched by our physical capacity to support it.

We feel threatened. Many Pakistanis fear the possibility of a war on two fronts, India in the east and the Russians and Afghans in the west. Perhaps India will act as a proxy of the Soviets. (The Russians love to have other people doing their work for them). The weakening of Pakistan will be welcome to both the Soviets and the Indians, even if in India the idea finds favour more with Pakistan-haters than with wise heads, who see virtue in a strong and stable Pakistan.

There are others who reason

that this is an unlikely scenario, that the Soviets are not enemies of Pakistan and have no interest in seeing Pakistan break up or suffer. In fact, it would be in the Soviet interest to have a firm and stable Pakistan, strong enough to prevent further chaos in a strategically important part of the world where everything seems to be breaking down. A strong Pakistan would also keep India worried (and so dependent on Soviet help!). Actually Pakistan has good relations with the Soviet Union, and it is a feather in the cap of our foreign policy makers, and those who implement that policy, that in spite of conflicting pulls and pressures they have been able to maintain a sound stance and establish good relations with all those who matter.

Military planners, however, see potential enemies more clearly, although they have been accused at times of seeing enemies everywhere. It is their job to defend the country against possible aggression, and they work on the basis of possibilities rather than probabilities, for history is full of surprises and possibilities have an unpleasant way of becoming realities. Moreover, the defence of the country is based on the capabilities of a potential enemy and not his intentions.

It is worth nothing, on the question of Pakistan's war on two fronts, that some Indian writers have even relished the situation of having an alien force in Afghanistan which poses a danger to Pakistan. They have said: how nice that the Russians are there to tie Pakistan down! So, while hoping for peace with all, it would be wise to be concerned about a two-front war, about possible aggression by neighbours with whom we have a clash

of interests. After all, there is that 1971 Treaty of Peace, Friendship and Cooperation between the Soviet Union and India which had made possible the Indian invasion of East Pakistan.

INSIDE INDIA

India faces a different kind of danger, a threat from within. There are destructive forces at work which threaten the unity and integrity of the country. There seems to be a built-in centrifugal force in India propelling parts of it away from the centre. The latest example of disruption is the situation in the Punjab where, after a long period of inaction and drift (perhaps for cunning, election-oriented reasons) the Indian government uncorked the bottle and let the Sikh genie out.

The storming of the Golden Temple has been received with dismay by most intelligent Pakistanis. There are undoubtedly some in this country who, seeing the terrible prospects now faced by India and remembering what India did to East Pakistan in 1971, would say, "Serves 'em right!" But many of us react with sorrow to this tragedy. It is sad that a country which is heir to a great and glorious culture, which for 3000 years shone brightly in a dark world like a beacon of knowledge and guidance, should now shed the blood of its own children; and equally sad that a brave and beautiful people like the Sikhs, who have demanded nothing which is unreasonable, should suffer the horror of seeing their holiest shrine desecrated with shot and shell.

India today is at the height of its unpopularity in South Asia, having problems with almost every neighbour, problems which it has itself created. Unfortunately, instead of acting with big minds and big hearts, as leaders of big powers should, the Indians shrug off these problems: "We are big. They are small. That is why they fear us. It is quite natural. Who cares?"

This is also election year in India. In order to divert the attention of the people from internal problems and also for the sake of electoral benefits, India's ruling party is damaging relations with Pakistan by accusing us of preparing to attack India. This is an old trick. Whenever something goes wrong in India, whenever the Indian government makes a mess of its own affairs, it picks on Pakistan as a whipping boy and blames it for whatever has gone wrong. Even on the Sikh question India blames Pakistan of having caused the trouble, or at least exacerbated it. This may be clever tactics and could serve the narrow election

needs of a political party, but it is poor strategy and poor statesmanship. India suffers from self-inflicted wounds (as we do too, to some extent). The perils facing India are grave enough without its creating further perils for itself by goading Pakistan into hostility.

SOUTH ASIA

The danger to South Asia comes not from the Americans or the Russians or the Chinese but from within. It stems from India's grandiose vision of itself as the great power of the future, a global power bestriding South Asia and the Indian Ocean like a colossus and acknowledging only the United States, the Soviet Union and China as equals. To this end, believing that military power is the foundation upon which all power is built, the Indians are constructing an enormous military machine before which the smaller neighbours of India should tremble.

Pakistanis fear that they are the only possible target of this military machine. Indian leadership probably imagines that if they could score a resounding victory over Pakistan, the world would acknowledge them as a great power and give them the respect which they crave, and then all South Asians would grovel before them. This is the stature which Indian leadership had hoped to acquire in 1971, but didn't.

No doubt there are Indian generals who are confident of achieving victory in a war with Pakistan. But these generals also know (and we hope India's political leaders know also) that Pakistan is not a pushover and that a war between the two countries would be even more destructive than before and still end in a stalemate. The peace it leads to would be the peace of the grave.

But we in Pakistan must understand India's position too. The Indian government, having made ambitious plans and launched the country in the direction of impossible targets, cannot stop and turn round just like that. It cannot cancel billions of dollars worth of military equipment which it has ordered, it cannot disband military units, it cannot change policies it cannot take a 180° turn. It is a prisoner of its own goals, driven by compulsions which it does not fully control, even haunted by genies which it has itself let out of bottles. On the other hand, Pakistanis will find it difficult, in the immediate future, to shed their mistrust of India and lower their guard.

This situation is likely to go on. We must not expect a major change of national policy in South Asia, not for some time. The sacrifices made by the Indian government in

leaving its masses hungry for the sake of having powerful armed forces and for prestigious nuclear and space programmes, can only be justified with the bogey of an aggressive China and an aggressive Pakistan. This will continue, and the situation in South Asia will not improve until the Indian government takes a more sober and realistic view of its international aims and sees the wisdom of better relations with its neighbours.

POSSIBILITIES

But let's not rock the boat. A great future lies ahead of us in South Asia. India and Pakistan could be at peace, total peace, turning outwards for their defence instead of against each other. They could face the world together and support each other in international affairs instead of pulling each other down as they are doing today. They could be as close to each other as two Scandinavian countries.

We could reduce our armed forces to levels which would no longer be a burden on the economy and devote more of our resources to development and improving the quality of life. We could cooperate in many ways, including in the peaceful uses of nuclear energy, for the betterment of each, and of both, and of all Seven Sisters of South Asia.

This could happen, and probably will happen. It is up to us to make it happen. If we could get through the eighties without bloodshed, we may come to regard the use of military force as an inadequate and unacceptable instrument of policy and banish war from the subcontinent. In the nineties then we could see the dawn of a golden era in South Asia.

That is a wonderful legacy for Indians and Pakistanis to pass on to their children: smiling, prosperous lands at peace with each other. That would be better than handing over two war-ravaged, disease-ridden, poverty-stricken countries. Our children would think better of us and would thank us for getting ourselves out of the mess which we ourselves have made.

WHAT TO DO

We are not suffering from a terminal illness. Our disease is curable, and we should get down to curing it. A few steps would get us out of our difficulties and dispel the dark clouds which hang over South Asia.

- a) Let us immediately sign the No War Pact and not quibble over petty conditions.
- b) Then let us move on to signing a Treaty of Peace and

Friendship, perhaps next year. This will take us from the handshake to the embrace, perhaps with more to come.

c) Let us combine into a team to deal with the problem of the Soviets in Afghanistan, keeping the interests of South Asia in mind.

d) Let us begin talks to reduce the armed forces of the two countries, a South Asian MBFR.

e) Let us initiate nuclear cooperation, even if we do not sign the NPT. (India wants to keep its options open by not signing the NPT. So be it. We can oblige India).

Recently two prominent politicians, ministers of a previous Indian government, came on a visit to Pakistan and were kind enough to call on me. We had lengthy discussions about the Indo-Pakistan situation and the Indo-Pakistan future, discussions which we continued over lunch. I pointed out to them that President Zia had offered to accept a team of Indian generals visiting Pakistan, examining our security situation and suggesting how large and what kind of armed forces we should have. At this, one of the Indians asked, "How serious is President Zia about this?"

"Why don't you test him?" I countered. "Why don't you announce a team consisting of, say, your CGS, your QMG, two Corps Commanders. If then President Zia refuses to accept them, you win a big propaganda victory. You lose nothing by taking him on".

Later in the day the two leaders called on President Zia who repeated his proposal. On return to India they passed on that proposal in all frankness, but the response of the leading political party in India and of the media which supports it was unfortunate. Instead of matching the sincerity of the Pakistani President with positive counter action of its own, the Indian government accused the two politicians of having fallen into General Zia's trap and of working for Pakistan's interests. What a pity! This is what the prison of the mind has done to us.

But let us keep our glorious vision alive. These wounds have to heal and we do not have to inflict more damage upon ourselves. If we cannot improve things, as we should try to, let us not spoil things any more than we have done already. Let us put things on "hold" and wait for better days. Let's not hurt ourselves any more. Let's not rock the boat.

CSO: 4600/641

LOANS SANCTIONED FOR 12 INDUSTRIAL UNITS

Islamabad THE MUSLIM in English 28 Jun 84 p 8

[Text]

KARACHI, June 27: The Industrial Development Bank of Pakistan (IDBP) today sanctioned loans amounting to Rs. 207.28 million including a foreign exchange component equivalent to Rs. 126.05 million for 12 industrial projects.

With this IDBP has set a new record of financial assistance exceeding Rs. one billion mark against a target of Rs. 680 million set for the current financial year. The total financial assistance approved by IDBP for a large variety of industries during the year has now reached Rs. 1.130 billion including foreign exchange component of Rs. 589.47 million.

The loans sanctioned by the bank today were for the establishment of a sugar mill in district Thatta, a project for the manufacture of miniature circuit breakers in Sheikhupura, a flour mill in Karak, NWFP, a blended cloth manufacturing unit and a light engineering unit for the manufacture of brake shoe lining, both in Lasbella district of Baluchistan.

The loans would also help setting up of a writing and printing paper manufacturing project in district Sheikhupura, a soft drinks manufacturing unit in Mirpur, Azad Kashmir and a plastic button manufacturing unit in district Lasbella. The plants and machinery for all these units would be imported partly by the sponsors under the non repatriable investment scheme.

The bank also sanctioned loans for conversion of two cooking oil manufacturing units into vegetable ghee manufacturing units. Located one each in the districts of Kohat and Malakand, NWFP.

Loans for the purpose of balancing, modernisation and expansion of a cotton textile spinning unit in district Daddu and a poultry farm in Mansehra were also approved by the bank. - APP

AVIATION AUTHORITY PLANS 8 NEW AIRPORTS

Islamabad THE MUSLIM in English 28 Jun 84 p 8

[Text]

KARACHI, June 27: The Civil Aviation Authority will start construction of eight new airports in the next financial year in the country for the Federal Services of PIA. This was disclosed by Maj. Gen. (Retd) Rahim Khan, Chairman Civil Aviation Authority and Secretary General Defence, at a Press conference here this evening.

He said the airports will be constructed at Kohat, Sargodha, Mianwali, Mangla, Okara, Bahawalpur, Jacobabad and Ormara. "This Feeder Service will prove a catalyst in the socio-economic development of these areas," he added.

He said that the development programme for the next year includes the expansion of Peshawar, Multan and Faisalabad airports, and the upgradation of cargo facilities at Karachi airport to provide safe and efficient handling of cargo, particularly perishable exports.

A new cargo hangar he said, was being constructed at Karachi airport and work on the second runway at Lahore airport would be taken up during the next year.

He said that the ground breaking of the two new terminals at Lahore and Islamabad would be undertaken during the next financial year.

About the five-year development plan of the Authority he said that it involved a total expenditure of Rs. 6,500 millions of which Rs. 1,000 million would be provided in the form of government equity for the development of the smaller airports and the balance of Rs. 5,500 millions would be met by the CAA from its own resources and commercial borrowing.

The five-year plan provided for an expenditure of Rs. 3,500 million on the new terminals, Rs. 1,000

millions on automation and rescue and fire fighting facilities and Rs. 1,000 million on the budget of five years.

He said that for all these development projects, it was imperative that the landing, parking and housing charges be rationalised at a realistic level. "All airlines, including PIA and through them the air passengers, have to bear the cost of improvement in air terminal facilities in Pakistan", he added.

Those who travelled by air afford to contribute to the development of facilities that were essential for safer and comfortable air transportation in the country, the chairman added.

He said that for these reasons the CAA has raised the charges to a relatively higher level although still lower than the charges in other countries of the region.

He said that enhanced charges would raise the earnings to approximately Rs. 850 million. The surplus revenue over expenditure from these annual earnings will also contribute to the financing of the five year plan.

He said that the CAA which anticipated a revenue of Rs. 450 million during the current year actually raised Rs. 500 million as a result of better management and rationalisation of charges from the airlines using these facilities.

He said that the Authority expected to earn Rs. 660 million during the next financial year, and plans to spend Rs. 650 on development of which the Government will be contributing only Rs. 120 million for the development of smaller airports. The rest will be financed by the Authority from its own resources without resorting to external borrowing.

BRIEFS

WOMEN'S ENTRY IN COURT BANNED--LAHORE, June 27: The Registrar of the Lahore High Court has imposed a ban on entry of women in the criminal, civil commercial, judicial officers, accounts and general branch of the Lahore High Court. In this connection a sign board indicating a ban on visits of women to these branches was displayed on the premises of the High Court here today. [Text] [Islamabad THE MUSLIM in English 28 Jun 84 p 1]

SIND POLICE EARNS PROTECTION MONEY--HYDERABAD, June 27: The Sind Police Department has earned Rs. 1,39,71,000 by providing police protection to some private organisations during the current financial year. It is reported that owing to the increasing number of dacoities, robberies and kidnapping incidents in Sind many Zamindars, individuals and private organisations had sought police protection and the Police Department had been charging a fixed fee for providing the requisite police guards. It is further reported that owing to the present crime situation in Sind people are purchasing arms and ammunitions on licences issued to them by the various district authorities. The Government of Sind have earned Rs two crores and six lakhs as arms licences fee. [Text] [Islamabad THE MUSLIM in English 28 Jun 84 p 6]

GHAFFAR KHAN HOSPITALIZED--PESHAWAR, June 27: The 95 year-old Khudai Khidmatgar, Khan Ghaffar Khan, has once again been admitted to the Lady Reading Hospital following severe pain in his knees. Badshah Khan was brought from Charsadda to Peshawar last evening and taken to the hospital this morning. In a brief chat with newsmen he said that he would offer his Eid prayers in the Eidgah but will not celebrate Eid in view of 'what is happening to the Pakhtoon's. Asked to comment on the situation in East Punjab, he said why bother about others when we have plenty of problems of our own". [Text] [Islamabad THE MUSLIM in English 28 Jun 84 p 6]

HURS KILLED FIGHTING DACOITS--HYDERABAD, June 27: About 60 'Hur Majahideen' have been killed in encounters with gangs of dacoits in various districts of Sind during the current month. It is reported that Sind government on the offer of Pir Pagara had recruited several hundred 'Hur Majahideen' to help Sind police to wipe out gangs of dacoits operating in the province. According to district authorities of Dadu, Larkana, Sukkur and Khairpur about 60 Hurs have been killed in encounters with dacoits, most of them in Dadu district. As a result the Deputy Commissioner of Dadu, Sharif Baloch, has requested the government to allow him to proceed on long leave and post some one else as the

Deputy Commissioner of Dadu. Police sources say that there is great resentment among the Hur force because of heavy casualties and there is a growing fear that these clashes may develop into tribal war in Sind. On the other hand Hur leaders have demanded Rs. 60000 compensation for each dead Hur. This is the amount paid by the provincial government as compensation to the families of police officials killed in encounters with dacoits. [Text]
[Islamabad THE MUSLIM in English 28 Jun 84 p 8]

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